PLAN 1:
Summary Plan Description
TPMG Physicians

Benefits effective January 1, 2011
(including amendments through December 31, 2012)
About this Summary

This document is the summary plan description (“SPD”) for the Retirement Plan for Physicians and Salaried Employees of The Permanente Medical Group, Inc., also known as “Plan 1.” As an SPD, this document is only a summary of the full plan provisions. If there is any difference between the language in this summary and that in the official plan document, the language in the official document rules.

While The Permanente Medical Group, Inc. (“TPMG”) expects the plan to continue to be a part of the members’ benefit program, it reserves the right to amend, merge, modify, or terminate the plan, in whole or in part, at any time. In addition, TPMG does not promise that any medical benefits included in the plan will continue to be offered. TPMG reserves the right to reduce, eliminate, and add or increase the amount of required or optional member and beneficiary contributions, at any time and for any reason.

Participation in the plan does not give you rights to any benefit except as expressly provided in the plan. Also, participation in the plan does not:

- give you rights to continued employment by TPMG,
- in any way prohibit changes in the terms of your employment, and
- in any way limit TPMG’s right to terminate your employment for any reason.
Retirement Plan 1 for Physicians

This is the summary plan description (“SPD”) for the Retirement Plan for Physicians and Salaried Employees of The Permanente Medical Group, Inc., as amended and restated effective January 1, 2011. This plan provides a traditional pension benefit, generally paid as a monthly benefit for life. The Retirement Plan for Physicians and Salaried Employees of The Permanente Medical Group, Inc. is known informally as “Plan 1” and is also referred to as “the plan” in this SPD.

This version of the SPD is for eligible physicians employed with The Permanente Medical Group, Inc. (“TPMG”). Participants in the plan are called “members.”

This SPD describes the main features of the plan affecting members’ benefits and explains the terms of the plan. The SPD is organized to help you find the information you want quickly. The SPD is available in print and, coming soon, in web format, which features a robust search engine and hyperlinks to easily direct you to related information within the SPD and in other online resources.

The key sections of the SPD covering the pension benefits are:

- Benefits at a Glance (see page 4)
- Eligibility and Enrollment (see page 5)
- How the Plan Counts Service (see page 8)
- How Your Benefit Is Calculated (see page 10)
- When Benefits Can Be Paid (see page 12)
- How Benefits Can Be Paid (see page 16)
- Application for Benefits (see page 20)

About this Plan

This plan is a continuation and combination of:

- The Retirement Plan for Physicians of The Permanente Medical Group, Inc. and
- The Permanente Medical Group, Inc. Salaried Retirement Plan.

Those plans were combined to create this plan effective January 1, 2001.

Questions?
If you have any questions regarding Plan 1 or your own status with respect to the plan, please contact MD Benefits at 510-996-5850.
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Benefits at a Glance

Plan 1 works with Plans 2 and 3 to provide eligible participants with a comprehensive retirement benefits package.

Plan 1 provides a traditional pension plan benefit, generally payable as an annuity. Plan 3 is a 401(k) plan that allows you to set aside savings for the future on a tax-advantaged basis, and manage their investment. Plan 2 is the plan under which TPMG makes contributions to an account you manage.

Following are highlights of Plan 1 provisions:

<table>
<thead>
<tr>
<th><strong>Eligibility and Enrollment</strong></th>
<th>In general, you become eligible to participate in the plan once you:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• complete one year of employment with TPMG, and</td>
</tr>
<tr>
<td></td>
<td>• have at least 1,000 hours of vesting service in that year.</td>
</tr>
<tr>
<td></td>
<td>Once you meet the eligibility requirements, you are automatically enrolled in the plan. For details, see “Eligibility and Enrollment” on page 5.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>How Your Benefits Are Calculated</strong></th>
<th>The amount of your benefit is based on a formula that takes into account:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• your credited service and</td>
</tr>
<tr>
<td></td>
<td>• your highest average compensation.</td>
</tr>
<tr>
<td></td>
<td>Your benefit is expressed as a monthly annuity, paid when you reach age 65 (the plan’s normal retirement date) until your death.</td>
</tr>
<tr>
<td></td>
<td>• This is known as the normal retirement benefit.</td>
</tr>
<tr>
<td></td>
<td>For details, see “How Your Benefit Is Calculated” on page 10.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Vesting</strong></th>
<th>You begin earning benefits once you become a member of the plan. But if your employment ends before you are “vested,” you lose the benefits you have earned. Being vested means that you have a non-forfeitable right to receive the benefits you have earned under the plan.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>You become vested when you:</td>
</tr>
<tr>
<td></td>
<td>• complete five years of vesting service, or</td>
</tr>
<tr>
<td></td>
<td>• reach age 65 while actively employed by TPMG or Mid-Atlantic Permanente Medical Group, P.C. (&quot;MAPMG&quot;).</td>
</tr>
<tr>
<td></td>
<td>For details, see “Vesting Service” on page 9.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>When Benefits Can Be Paid</strong></th>
<th>Your benefit is generally not payable until your employment with TPMG and other Medical Care Organizations (&quot;MCOs&quot;) ends.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Physicians who were members of Plan 1 before 1991 may be eligible for limited in-service benefit payments while they continue working for TPMG or MAPMG.</td>
</tr>
<tr>
<td></td>
<td>- The plan’s normal retirement benefit is payable when you reach age 65 and you are not working for TPMG or MAPMG.</td>
</tr>
<tr>
<td></td>
<td>- Your benefits can begin earlier than age 65, if you have stopped working for TPMG and all other MCOs and either:</td>
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<tr>
<td></td>
<td>- you are age 55 or older and have at least 15 years of vesting service, or</td>
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<td></td>
<td>- your age and years of vesting service total 75 or more.</td>
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<tr>
<td></td>
<td>- You can also defer benefits past age 65 after you stop working for TPMG or MAPMG, but payment must begin no later than April 1 of the calendar year after the year in which you reach age 70½.</td>
</tr>
<tr>
<td></td>
<td>For details, see “When Benefits Can Be Paid” on page 12.</td>
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| **How Benefits Are Paid If You Are Single** | If you are not married, benefits are normally paid as a single life annuity, which pays a monthly benefit starting when you reach normal retirement age, continuing until your death. No benefits are payable after you die. |

Benefits Effective January 1, 2011
Eligibility and Enrollment

Plan 1 participants are called members.

This section describes who is eligible for membership in the plan and when membership begins and ends. It also includes important information on designating a beneficiary to receive any survivor benefits that may be payable in the event of your death.

Generally, your job designation determines if you are eligible to participate in Plan 1. All employees with the job designation of physician are eligible to become members in the plan, with the exceptions described below.
Eligibility for Plan 1 Membership

You are eligible for Plan 1 membership if you are a physician. A physician is any employee of TPMG who:

- has a Doctor of Medicine or Doctor of Osteopathy degree,
- is a podiatrist,
- is an oral and maxillofacial surgeon, or
- is a TPMG Corporate officer.

You are not eligible if you are:

- not a physician or salaried employee,
- a pool physician or pool podiatrist, or
- a leased employee.

When Membership Begins: Automatic Enrollment

Your membership begins automatically when you meet the following two requirements:

- you have completed one year of employment with TPMG, and
- you have completed at least 1,000 hours of vesting service in that year. (Please see “Vesting Service” on page 9.)

If you work for an MCO and transfer to TPMG, your service at the MCO will count towards your Plan 1 participation requirements.

Example

For example, suppose you begin work with TPMG on March 14, 2012. You complete 1,000 hours of vesting service between March 14, 2012 and March 14, 2013. You will become a member in the plan on March 14, 2013.

If you do not complete 1,000 hours of vesting service during your first year of employment, you will become a plan member retroactive to January 1 of the first calendar year in which you complete at least 1,000 hours of vesting service.

Example

For example, suppose you begin work with TPMG on March 14, 2012. You do not complete 1,000 hours of vesting service between March 14, 2012 and March 14, 2013. However, you do complete 1,000 hours of vesting service between January 1, 2013 and December 31, 2013. In this case, you become a member in the plan on January 1, 2013.

Designating a Beneficiary

When you become a member of the plan, you should name a beneficiary or beneficiaries to receive any plan benefits that may be payable in case of your death prior to your benefits starting. To name a beneficiary, you need to complete the appropriate plan beneficiary designation form and return it to MD Benefits at 1800 Harrison Street, 7th Floor, Oakland, CA 94612.

Non-Spouse Beneficiaries

If you are married and you name someone other than your spouse as your primary beneficiary, including naming a trust or your estate, your spouse must provide his or her written consent. Your spouse’s consent must:

- be on a form provided by the plan,
- be witnessed by a Notary Public, and
- acknowledge an understanding of the effect of the consent.

As required by IRS rules, if you are married and younger than age 35, you may not designate someone other than your spouse to receive more than one-half of your plan benefit.

If you marry after designating a non-spouse beneficiary, your designation to your non-spouse beneficiary will no longer be valid and the following will occur:
- If you have not yet retired, your designation will automatically be your new spouse.
- If you have already retired, you may designate your new spouse as your new beneficiary if you are receiving your benefit in the form of a fixed period certain and life annuity or installment payments. See “Fixed Period and Life Annuity” on page 19 and “Installment Payments” on page 19 for details on these options. However, if you had elected a Joint Retirement Income Option/Joint and Last Survivor Annuity, your joint annuitant named at the time benefits commenced will continue to receive the benefit payments after your death.

**Definitions of “Married” and “Spouse”**

For all purposes of the plan, “married” means married as defined under federal law and “spouse” means spouse as defined under federal law. Therefore, if you want your same-sex spouse (as defined by state law) or domestic partner to be your primary beneficiary, you will have to file a validly completed beneficiary designation form with the plan administrator.

**Invalid Beneficiary Designations**

If you die and the plan does not have a valid beneficiary designation on file, any benefits will be payable to the person or persons in the first of the following classes that survive you:
- spouse (as defined under federal law)
- children and issue of deceased children by right of representation
- parents
- your estate

**Is Your Beneficiary Designation Valid?**

Your beneficiary designation may be invalid for a number of reasons, such as:
- you do not name a beneficiary;
- the beneficiary you name does not survive you;
- the beneficiary designation filed is vague or ambiguous;
- the designated beneficiary cannot be reasonably identified; or
- the plan administrator does not receive a signed and dated beneficiary designation form before your death.

**When Membership Ends**

Your membership in Plan 1 ends:
- if your employment with TPMG and all other MCOs ends before you are vested; or
- when all of your benefits have been paid; or
- upon your death.
How the Plan Counts Service

There are two kinds of service that matter in Plan 1.

- “Credited Service” is used to determine the amount of your benefit.
- “Vesting Service” is used to determine when you become eligible to participate and when you have earned a non-forfeitable right to your benefit.

Credited Service

Credited service is measured in hours and years. Plan benefits are based on years of credited service.

If you stop being a physician or salaried employee with TPMG, you will stop earning credited service and any other benefits under the plan until you again become employed by TPMG as a physician or salaried employee. For example, if you transferred to a position with the Kaiser Foundation Health Plan, Inc., you would stop earning credited service.

Hours of Credited Service

In general, an hour of credited service is any hour for which you are paid as an employee of TPMG, including paid vacations, sick leave, and holidays. An hour of credited service also includes periods for which you are paid as an employee of any MCO if such periods occurred before your employment with TPMG.

Hours of credited service are also counted for unpaid periods of absence of up to 90 days due to disability, and for certain periods of active military duty, as required by federal law.

Service that Does Not Count

The following service does not count as hours of credited service:

- Service as a pool physician or pool podiatrist or any similar service performed as a physician before being employed by TPMG;
- A physician’s first year of post-graduate training;
- If you first become employed by TPMG prior to July 1, 2012, service with an MCO after you are no longer employed by TPMG, unless you are later re-employed as a physician or salaried employee eligible to participate in the plan;
- If you first become employed by TPMG on or after July 1, 2012, service with an MCO other than MAPMG after you are no longer employed by TPMG;
- Hours for which TPMG has been required to make non-elective contributions to an individual retirement account or defined contribution plan, pursuant to a collective bargaining agreement;
- Service other than as a physician or salaried employee, or that is otherwise excluded from participation in the plan (see “Eligibility and Enrollment” on page 11 for further information);
- Service after a member becomes covered by a collective bargaining agreement that does not provide for plan participation unless the collective bargaining agreement provides for participation; and
- Service before 1965.

If You Were a Resident at a Kaiser Foundation Hospital

If you were a resident employed by Kaiser Foundation Hospitals and then begin to work for TPMG, your service during your residency will count toward your credited service in Plan 1, except for the first year of your residency.
Years of Credited Service

You earn a year of credited service for each calendar year after 1990 in which you have at least 2,000 hours of credited service.

In addition, credited service that was recognized before January 1, 1991 under the Physicians Retirement Plan is recognized under Plan 1.

If you have less than 2,000 hours of credited service in a calendar year but more than 1,000 hours of credited service in that calendar year, you will receive credited service for that year on a proportional basis.

You can receive proportional credit for calendar years in which you have less than 1,000 hours of credited service, but only if you were scheduled to work at least one-half of the full-time work schedule of your department.

Vesting Service

You begin earning benefits once you become a member of the plan. But if your employment ends before you are “vested,” you lose the benefits you have earned. Being vested means that you have a non-forfeitable right to receive the benefits you have earned under the plan.

You become vested when the first of the following happens:

- you complete five years of vesting service; or
- you reach normal retirement age (age 65) while you are employed by TPMG or any MCO.

In general, if you are not vested when your employment ends with TPMG and all MCOs, you will not receive a benefit from the plan. If you stop working after you become vested but before you are eligible for early or normal retirement, you will be entitled to a deferred vested benefit. For more information, see “ Deferred Vested Benefit” on page 14.

Earning Vesting Service

Vesting service is counted in hours and years.

In general, an hour of vesting service is any hour for which you are compensated as an employee, including vacations, sick leave, and holidays. Hours of vesting service are also counted for uncompensated periods of absence due to disability (for up to two years) and due to active military duty as required by federal law. Vesting service for an MCO is counted (except for service performed as part of a physician internship or residency training program).

You earn a year of vesting service for each calendar year after 1990 in which you have at least 1,000 hours of vesting service. You will be given credit for years of vesting service before 1991 under the terms of the plans that apply to those years, as described in the applicable plan documents.
Maximum Benefits

There are legal limits on the amount of the annual pension than can be paid to you by Plan 1. For 2013, your annual pension may not exceed $205,000. This limit will be periodically adjusted by the IRS for cost-of-living increases. The plan administrator will notify you if this limit affects the amount of your benefits.

How Your Benefit Is Calculated

The benefit you earn under Plan 1 is expressed as a monthly annuity payable starting at normal retirement age (age 65) until your death. This benefit is known as the “normal retirement benefit.”

Your benefit can be paid in other ways, in which case the normal retirement benefit will be generally converted into an actuarial equivalent benefit. For information on the calculation of the actuarial equivalent benefit, see “When Benefits Can Be Paid” on page 12 and “How Benefits Can Be Paid” on page 16.

Your normal retirement benefit under Plan 1 is determined using the pension calculation formula, which is based on:

- your years of credited service and
- your highest average compensation (“HAC”).

For information on how credited service is calculated, see “Credited Service” on page 8. Highest average compensation is explained in this section on benefit calculations.

Factoring in Other Pension Benefits Based on the Same Service

In some cases, a Plan 1 member may have earned a pension benefit under a separate pension plan in another MCO based on the same years of credited service counted under Plan 1. If you have such a benefit, your Plan 1 benefit will be reduced to reflect such duplicate benefit coverage.

Highest Average Compensation (“HAC”)

Your highest average compensation (“HAC”) is the average monthly compensation for the highest 36 consecutive calendar months during the entire period in which you were employed with TPMG (or any MCO if time with the MCO is used to calculate your benefit). If you have less than 36 consecutive months of employment, then your HAC is the average of your compensation for all of your months of employment.

Compensation during a period of illness or other temporary disability, for up to 6 months, is taken into account.

For purposes of determining your HAC, any accrued vacation paid to you when you end your employment will extend the period over which your HAC is determined.

Compensation

Your compensation is your monthly base unit rate of pay from TPMG for a full time schedule plus amounts designated by the Board of Directors as incentive payments.

Maximum Allowed Compensation

For purposes of benefits accrued under Plan 1, federal law requires that compensation not exceed certain limits (which may be adjusted each year). For the 2013 calendar year, the maximum compensation limit is $255,000. Benefits based on compensation in excess of the compensation limits (as adjusted) will be paid from the Supplemental Retirement Plan (“SRP”).
Calculating the Normal Retirement Benefit

Your normal retirement benefit is based on the following formula:

\[
2\% \text{ of your HAC for each year of credited service up to 20 years} \\
\text{Plus} \\
1\% \text{ of your HAC for each year of credited service in excess of 20 years} \\
\text{Minus} \\
\text{Any amount payable to you under another qualified Kaiser plan or program that you participated in before your transfer to Plan 1. This includes a benefit from the “Common Plan.”}
\]

Example of Calculating Normal Retirement Benefit

The examples below show how two benefit estimates are calculated

**Estimate 1: Benefit Accrued as of Age 55**

- You have reached age 55 on January 31, 2013,
- You have 20 years of credited service, and
- Your HAC on January 31, 2013, is $15,000

<table>
<thead>
<tr>
<th>Formula</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2% of your HAC for each year of credited service up to 20 years</td>
<td>HAC \times 2% \times 20 \text{ years} = 40%</td>
</tr>
<tr>
<td>Plus</td>
<td>Plus</td>
</tr>
<tr>
<td>1% of your HAC for each year of credited service in excess of 20 years</td>
<td>NA</td>
</tr>
<tr>
<td>Equals</td>
<td>Equals</td>
</tr>
<tr>
<td>Your benefit percentage</td>
<td>40%</td>
</tr>
<tr>
<td>Multiplied by</td>
<td>Multiplied by</td>
</tr>
<tr>
<td>Your HAC</td>
<td>$15,000</td>
</tr>
<tr>
<td>Equals</td>
<td>Equals</td>
</tr>
<tr>
<td>Normal Retirement Benefit</td>
<td>$6,000 (paid monthly starting at age 65 until your death)</td>
</tr>
</tbody>
</table>
Estimate 2: Benefit Accrued Assuming You Work to Age 65

- You reach age 65 on January 31, 2013,
- You have 30 years of credited service, and
- Your HAC on January 31, 2013, is $20,000.

<table>
<thead>
<tr>
<th>Formula</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2% of your HAC for each year of credited service up to 20 years</td>
<td>HAC × 2% × 20 years = 40%</td>
</tr>
<tr>
<td>Plus</td>
<td>Plus</td>
</tr>
<tr>
<td>1% of your HAC for years of credited service in excess of 20 years</td>
<td>HAC × 1% × 10 years = 10%</td>
</tr>
<tr>
<td>Equals</td>
<td>Equals</td>
</tr>
<tr>
<td>Your benefit percentage</td>
<td>50%</td>
</tr>
<tr>
<td>Multiplied by</td>
<td>Multiplied by</td>
</tr>
<tr>
<td>Your HAC</td>
<td>$20,000</td>
</tr>
<tr>
<td>Equals</td>
<td>Equals</td>
</tr>
<tr>
<td>Normal Retirement Benefit</td>
<td>$10,000 (paid monthly starting at age 65 until your death)</td>
</tr>
</tbody>
</table>

When Benefits Can Be Paid

Plan 1 benefits are normally paid after you stop working for TPMG and MAPMG at age 65. Age 65 is the plan’s “normal retirement age” and the benefit paid at age 65 is called the “normal retirement benefit.”

As an alternative to receiving the normal benefit payable when you reach age 65, you may also be eligible for payment at other times.

- If you have stopped working for TPMG and all MCOs before age 65, you may begin receiving your benefits as an “early retirement benefit,” if you are eligible for early retirement benefits.

- If you stop working for TPMG and any MCO, have a vested benefit, are younger than age 65, but are not eligible for early retirement, you have what is called a “deferred vested benefit.” In this case, you can either:
  - receive your benefits starting at age 65 as a normal retirement benefit, or
  - become eligible for early retirement if you meet certain conditions.

- If you have stopped working for TPMG by age 65 and do not want to receive retirement benefits yet, you may put off payment of your retirement benefits, choosing to defer your retirement benefits. (Although the names are similar, this is different from a “deferred vested benefit.”) Deferred benefits can be put off as late as April 1 of the calendar year following the year in which you reach age 70½.

If You Work Past Age 65

If you continue working for TPMG or MAPMG past your 65th birthday, your benefits cannot begin until you stop working for TPMG and MAPMG. However, if you were a member of the plan before 1991 and meet certain other requirements, you may be eligible to receive limited in-service retirement benefits, payable while you continue working. See “Limited In-Service Retirement Benefit” on page 16.
Eligibility for These Options
Your eligibility for the benefit payments described above depends on factors such as how old you are and how many years of vesting and/or credited service you have when you stop working with TPMG and all MCOs. For details, see:
- “Early Retirement” on page 13.
- “Deferred Vested Benefit” on page 14.
- “Deferring Payment Past Age 65” on page 15.
- “Postponed Retirement Benefit” on page 15.
- “Limited In-Service Retirement Benefit” on page 16.

Making Your Election Regarding Time of Payment
Any election regarding the time of payment must be made in the form and manner designated by the plan administrator within 180 days before your benefits begin. You may revoke your election at any time before the end of the 180-day period. However, you will not be allowed to revoke your election once you start receiving payments.

Early Retirement
You are entitled to an early retirement benefit if you end your employment with TPMG and all MCOs before Plan 1’s normal retirement age (age 65), and
- you have reached age 55 and completed at least 15 years of vesting service, or
- your age plus your years of vesting service equals 75 or more.
You may elect to begin receiving your early retirement benefit on the last day of the month either:
- following the month your employment with TPMG and all MCOs ends or, if later,
- after your election is filed with the plan administrator.
If you elect to begin your pension with an early retirement before age 65, your pension will be actuarially reduced to reflect early commencement of the pension and the longer period of payout. The actuarial reduction is based on your age when benefit payments begin.
Early retirement is optional. If you wait to receive your retirement benefit at age 65, you will receive the full, unreduced, normal retirement benefit.

Pre-1991 Retirement Benefits
If you were a member before 1991 and meet the following requirements, you may elect an immediate commencement of the benefits accrued before January 1, 1991, even if you have not yet satisfied the requirements for an early retirement benefit. These are the requirements:
- your employment ends before age 65, and
- you have at least five years of vesting service,

Calculating the Early Retirement Benefit
If you are eligible for and elect an early retirement benefit, the monthly benefit you receive will be reduced from the normal retirement benefit, based on your age when the monthly pension benefit payments begin. The monthly benefit is reduced because it is expected to be paid to you over a longer period of time.
The following table shows the percentage of your normal retirement benefit payable at earlier ages.

<table>
<thead>
<tr>
<th>Your Age When Early Retirement Benefit Payments Begin</th>
<th>Percentage of Normal Retirement Benefit Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>46.65%</td>
</tr>
<tr>
<td>56</td>
<td>50.12%</td>
</tr>
<tr>
<td>57</td>
<td>53.89%</td>
</tr>
<tr>
<td>58</td>
<td>58.00%</td>
</tr>
<tr>
<td>59</td>
<td>62.46%</td>
</tr>
<tr>
<td>60</td>
<td>67.33%</td>
</tr>
<tr>
<td>61</td>
<td>72.64%</td>
</tr>
<tr>
<td>62</td>
<td>78.45%</td>
</tr>
<tr>
<td>63</td>
<td>84.79%</td>
</tr>
<tr>
<td>64</td>
<td>91.74%</td>
</tr>
<tr>
<td>65</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**Calculation Example**

Assuming that:
- You end employment at age 55 with 20 years of credited service,
- Your normal retirement benefit, payable monthly beginning at age 65, is $6,000 (as in the example shown in “Calculating the Normal Retirement Benefit” starting on page 11).

You have four options for when your benefit can be paid:
1. when your employment ends (at age 55 in this example), on a reduced basis
2. at any time after age 55 and before age 65, on a reduced basis,
3. when you reach age 65, on an unreduced basis (your normal retirement benefit pension of $6,000), or
4. after you reach age 65, as a deferred retirement benefit.

If you elect to have payments begin at age 55, your early retirement benefit would be calculated as follows.

<table>
<thead>
<tr>
<th>Monthly pension benefit payable at age 65</th>
<th>$6,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of age 65 pension benefit payable at age 55</td>
<td>46.65%</td>
</tr>
<tr>
<td>Monthly pension benefit payable at age 55</td>
<td>$2,799</td>
</tr>
</tbody>
</table>

**Deferred Vested Benefit**

If you have a vested benefit and you stop working for TPMG or any MCO before age 65 and you are not eligible to begin receiving benefits under early retirement, you may begin receiving the normal retirement benefit amount on the last day of the month following the month in which you reach age 65.

However, after your employment ends, you may become eligible for an early retirement benefit if you either:
- reach age 55 after you have completed at least 15 years of vesting service, or
- attain age and years of vesting service totaling 75 or more.

If you meet one of these requirements, you may elect to begin receiving an early retirement benefit. (See “Early Retirement” on page 13.)
Examples

The following are two examples of when pension benefit payments may start after you meet one of the eligibility rules:

- **Example A**
  - You end employment with TPMG and all MCOs at age 45 with 15 years of vesting service.
  - Because you have 15 years of vesting service, you will be eligible for early retirement at age 55.

- **Example B**
  - You end employment with TPMG and all MCOs at age 55 after 12 years of vesting service.
  - Because you have 12 years of vesting service, eight years later, when you reach age 63, you will eligible for early retirement (63 + 12 years of vesting service equals 75).

**Note:** If you begin your benefit before age 65, your benefit will be actuarially reduced to reflect the fact that your payments are beginning early and are expected to be paid for a longer period.

### Deferring Payment Past Age 65

If you have a vested benefit and stop working with TPMG and all MCOs by age 65, or you continue working past age 65, but no longer work for TPMG or MAPMG, you do not have to start receiving your normal retirement benefit at age 65. Instead, you can defer payment of your benefit subject to the IRS minimum distribution requirements.

If you defer payment of your benefit beyond age 65, the full benefit will be actuarially increased as shown in the following table. The increase reflects the delayed payment and the shorter period of time it is expected to be paid.

<table>
<thead>
<tr>
<th>Your Age When Pension Benefit Payments Begin</th>
<th>Percentage of Pension Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>100.00%</td>
</tr>
<tr>
<td>66</td>
<td>108.40%</td>
</tr>
<tr>
<td>67</td>
<td>117.61%</td>
</tr>
<tr>
<td>68</td>
<td>127.71%</td>
</tr>
<tr>
<td>69</td>
<td>138.79%</td>
</tr>
<tr>
<td>70</td>
<td>150.97%</td>
</tr>
</tbody>
</table>

**Calculation Example**

Assume you terminated employment with TPMG at age 65, your monthly pension benefit payable at age 65 is $10,000, and you elect to defer commencement of your pension from age 65 to age 70. Your pension starting at age 70 would be calculated as follows.

<table>
<thead>
<tr>
<th>Normal retirement benefit (payable at age 65)</th>
<th>$10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of normal retirement benefit payable at age 70</td>
<td>150.97%</td>
</tr>
<tr>
<td>Normal retirement benefit deferred to age 70</td>
<td>$15,097</td>
</tr>
</tbody>
</table>

**Postponed Retirement Benefit**

If you continue working with TPMG or MAPMG after you reach age 65, you will not be eligible to begin receiving your benefit while you are still working.

Instead, you will continue to earn credited service benefits and your pension benefit will be calculated based on your credited service and highest average pay as of the date your employment with TPMG and MAPMG ends. However, your monthly pension benefit payment will not be actuarially increased to reflect the later payment commencement date except as required under the applicable Department...
of Labor rules. You will receive information about these rules prior to reaching age 65 if you are still working at TPMG or MAPMG and if they apply to you.

If you were a member of Plan 1 before 1991, your postponed retirement benefit will be the greater of:

- the postponed retirement benefit determined at your employment termination date, as described above, or
- the postponed retirement benefit determined on December 31, 1990, actuarially increased to the date that payments begin at your normal retirement age.

**Limited In-Service Retirement Benefit**

If you were a member of the plan before 1991 and meet the following requirements, you may elect to receive the limited in-service retirement benefit by notifying the plan administrator no later than 60 days before the month you wish your pension payments to begin.

To be eligible for the limited in-service retirement benefit, you must:

- have been a member of Plan 1 before 1991,
- have reached normal retirement age, and
- still be employed by TPMG.

The limited in-service retirement benefit is determined under the pension calculation formula based on your years of credited service and highest average compensation (“HAC”) as of December 31, 1990 (See “How Your Benefit Is Calculated” on page 10.)

If you receive the limited in-service retirement benefit while you are still employed by TPMG, your pension benefit will be recalculated when your employment ends, to reflect the payments you have already received.

**When Your Pension Payments Will Begin**

Whenever you choose to receive your Plan 1 benefits, the payments will begin as soon as administratively possible after:

- your validly completed Option Request Form has been received by the MD Benefits, and
- your retirement date (but no earlier than the end of the month following your month of retirement).

All retirement benefits paid to physicians, including the limited in-service retirement benefit and the deferred vested retirement benefit, will be payable on the last day of the month.

**How Benefits Can Be Paid**

The explanation in “How Your Benefit Is Calculated” on page 10 describes the “normal retirement benefit,” which is a single life annuity if you are not married when your benefits begin. The explanations of how benefits may be actuarially adjusted if they are paid at a time other than age 65, the “normal retirement date,” can be found in “When Benefits Can Be Paid” on page 12.
In addition to single life annuities, Plan 1 offers you a number of other forms of payment to choose from. Your default form depends in part on whether or not you are married when your payments begin. Following are the forms of payment that are available to you and which are explained in this section of the SPD:

- Single Life Annuity (see page 17)
  - This is the normal form if you are not married.
- 100% Joint and Last Survivor Annuity with 15-year Certain and Life and Pop-up (see page 17)
  - This is the normal form if you are married.
- Joint and Last Survivor Annuity (see page 18)
- Fixed Period and Life Annuity (see page 19)
- Installment Payments (see page 19)
- Single Payment (see page 19)

Except for the 100% joint and last survivor annuity with a 15-year certain and life and pop-up (which is the most valuable benefit), each of the other forms of payment is equal in value actuarially to your monthly pension benefit payable as a single life annuity. This means that, in order to reflect the different payment periods and survivor benefits, the amount of the monthly benefit under these alternative forms of payment may be more or less than the amount of the monthly benefit payable in the form of a single life annuity.

**Limits on Payment Periods**

Under the 100% joint and last survivor annuity, fixed period and life annuity, and installment payment options, you cannot elect a payment period that is greater than your life expectancy, or, if applicable, the combined life expectancy of you and your beneficiary.

**Making Your Election Regarding Form of Payment**

You must elect your form of payment during the 180-day period before benefit payments are scheduled to begin. Once payments begin, you cannot change the form of payment.

**Single Life Annuity**

If you are not married, the normal form of payment is a single life annuity. If you elect a single life annuity, you receive a monthly benefit payable for as long as you live. Upon your death there will be no further payments to your spouse, estate, or beneficiary.

If you are married, you must have your spouse’s notarized consent to elect a single life annuity.

**100% Joint and Last Survivor Annuity with 15-year Certain and Life and Pop-up**

If you are married, the normal form of payment is the 100% joint and last survivor annuity with 15-year certain and life and pop-up with your spouse as your joint annuitant.

This form of payment works as follows:

- You receive a monthly pension benefit for your lifetime. The monthly benefit is reduced from the amount payable as a single life annuity.
- When you die, your joint annuitant receives the same monthly benefit you had been receiving, paid for his or her lifetime.
- If your joint annuitant dies before you, your benefit will increase or “pop-up” to the unreduced monthly pension you would have received if you had elected a single life annuity. The benefit will be paid to you for your lifetime. Upon your death, no further benefits would be payable under the plan, unless fewer than 180 monthly payments have been made.
If both you and your joint annuitant have died before 180 payments have been made:
- Your beneficiary will receive the monthly benefit that was payable while both you and your joint annuitant were alive (the joint and survivor annuity without the pop-up) until a combined total of 180 payments have been made to you, your joint annuitant, and your beneficiary. Once a combined total of 180 payments have been made to you, your joint annuitant, and your beneficiary, payments would stop and no further payments will be due under the plan.

If your designated beneficiary dies before a combined total of 180 payments have been made, any remaining benefit will be actuarially adjusted and paid to the designated beneficiary’s estate in the form of a lump sum.

Naming a Joint Annuitant and Beneficiary

If you elect a 100% joint retirement income annuity with 15-year guaranteed period and pop-up, you will be required to name a joint retirement income recipient (“joint annuitant”). You also need to name a beneficiary who will receive benefits if you and your joint annuitant die before 180 months of payments have been made.

If you are married, your joint annuitant will automatically be your spouse unless you elect otherwise and provide the proper spousal consent documentation.

Example of Benefits

As an example, suppose your unreduced monthly income (your single life annuity) is $10,000. Here’s how the payment form works:

| You receive a monthly lifetime benefit of: | $8,900 |
| If you die, your joint annuitant receives a monthly lifetime benefit of: | $8,900 |
| If your joint annuitant dies before you, your monthly lifetime benefit pops-up to your single life annuity of: | $10,000 |
| If you and your joint annuitant both die before 15 years (180 months) of payments have been made, your beneficiary receives the following benefit for the remainder of the 15-year period: | $8,900 |

Joint and Last Survivor Annuity

If you elect the joint and last survivor annuity, you receive a monthly pension payable for your lifetime. The monthly benefit is reduced from the amount payable as a single life annuity.

When either you or your joint annuitant dies, you or your joint annuitant will receive a percentage of your benefit for the rest of your or your joint annuitant’s lifetime. The percentages that you may choose from are:
- 50%,
- 66-2/3%, and
- 75%.

The lower the percentage you select, the higher your initial monthly pension benefit payment will be.

After you and your joint annuitant have died, no further benefits will be paid.

Naming a Joint Annuitant

If you elect a joint retirement income annuity, you will be required to name a joint retirement income recipient (“joint annuitant”). If you are married, you must provide the proper spousal consent documentation to elect this option.
Fixed Period and Life Annuity

If you elect the fixed period and life annuity, you receive a reduced monthly pension benefit payable for your lifetime, with payments guaranteed for a set period that you choose when you retire. The periods that you may choose from are:

- 5 years,
- 10 years,
- 15 years, and
- 20 years.

If you die before benefits have been paid for the guaranteed period, the monthly pension benefit payments will continue to your beneficiary until the end of the guaranteed period.

Naming a Beneficiary

If you elect a fixed period and life annuity, you will be required to name a beneficiary to receive the remainder, if any, of the fixed period and life annuity remaining upon your death. If you are married, you must provide the proper spousal consent documentation to elect this option.

Installment Payments

If you elect installment payments, you receive fixed monthly payments over a specified period of 5, 10, 15, or 20 years, which you choose when you retire.

After the specified period has ended, no further benefits will be paid.

If you die before the specified period ends, the monthly payments will continue to your beneficiary for the remainder of the specified period.

Naming a Beneficiary

If you elect installment payments, you will be required to name a beneficiary to receive the remainder, if any, of the installment payments remaining upon your death. If you are married, you must provide the proper spousal consent documentation to elect this option.

Single Payment

If you are disabled when you retire, you may elect a single payment of your plan benefit, which pays the actuarial present value of your retirement income to you in a single sum at the date of payment. If you are married, you must provide the proper spousal consent documentation to elect this option.

Definition of Disabled

"Disabled" means you are permanently unable to perform your medical practice because of a physical or mental incapacity. To be considered permanent, the physical or mental incapacity must be expected to be of long-continued and indefinite duration. TPMG’s disability insurance carrier determines whether you are disabled. Disability ends on the date you are no longer disabled, you die, or you begin receiving retirement income.
Application for Benefits

All applications for benefits and all elections under the plan must be filed with MD Benefits at 1800 Harrison Street, 7th Floor, Oakland, CA 94612.

Application Deadlines

Any election regarding the time and form of payment must be made no earlier than 180 days before your benefits begin and in the form and manner designated by the plan administrator. You may revoke your election at any time before you start receiving benefits. You will not be allowed to revoke your election or change the payment form after you start receiving benefits.

Filing a Claim

To file a claim, you, your beneficiary or your authorized representative must file an application for benefits and all elections under the plan with the TPMG Benefits Manager through MD Benefits at 1800 Harrison Street, 7th Floor, Oakland, CA 94612, no later than 360 days after payment of the claimed benefit is due under the plan.

Your claim will not be considered filed until you have completed and filed all of the necessary forms. The TPMG Benefits Manager (or designee) will determine what benefits you are entitled to as soon as administratively possible.

Denied Claims

If your claim is denied, in whole or in part, the TPMG Benefits Manager (or designee) will notify you in writing or electronically of the denial within a reasonable period of time of no more than 90 days (45 days if your claim is for disability benefits) after the plan receives your claim. The TPMG Benefits Manager (or designee) may need an extension of time of up to 90 days (30 days if your claim is for disability benefits) due to special circumstances. In such a case, the TPMG Benefits Manager (or designee) will notify you in writing before the expiration of the initial 90-day period (45-day period if your claim is for disability benefits) of the extension, the special circumstances requiring the extension, and the date by which the TPMG Benefits Manager (or designee) expects to make a determination.

If your claim is for disability benefits, the TPMG Benefits Manager (or designee) may further extend this period for up to an additional 30 days by notifying you in writing before the end of the first 30 days extension. In addition to the information described above, in the case of a disability claim, the notice of extension of the determination period will explain the standards on which an entitlement to the benefit is based, the unresolved issues that prevent a determination, and the additional information needed to resolve those issues. You will be allowed at least 45 days to provide the required information.

A notice of denial will:

1. State the specific reasons why the claim is denied;
2. Identify the specific plan provisions on which the denial is based;
3. Describe any additional material or information that is required before the your claim can be approved, and why that information is needed;
4. Explain the steps that you need to take (and the applicable time limits) to appeal the denial of your claim if your appeal is denied and your right to bring civil action under Section 502(a) of ERISA;
5. If your claim is for disability benefits, state if any rule, guideline, procedure, or other criterion was relied upon in making the determination or include a statement that the rule, guideline, procedure, or other criterion was relied upon and if so, that you will be provided a copy of the rule, guideline, procedure, or other criterion upon request; and
6. State the time limits described below for initiating any legal action involving a benefit claim.
You should consider your claim denied and proceed to the appeal stage described below if the TPMG Benefits Manager (or designee) does not respond to your claim within 90 days (45 days if your claim is for disability benefits). **If you do not file a timely appeal, the TPMG Benefits Manager's (or designee's) decision will be final, binding, and conclusive on all concerned.**

**Review of Denied Claims/Filing an Appeal**

If your claim is denied in whole or in part, you may appeal the denial. To appeal a denied claim, you, your beneficiary, or your authorized representative must file a written appeal with:

Administrative Committee  
c/o MD Benefits  
1800 Harrison Street, 7th Floor  
Oakland, CA 94612

You must file your appeal within 60 days (180 days if your claim is for disability benefits) of the date you received the denial notice. You should explain the basis for your appeal and submit any relevant written comments, documents, records, or other information.

You will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your request for appeal.

A document, record, or other information is considered relevant to the claim if it:

- Was relied on in making the benefit decision;
- Was submitted, considered, or generated in the course of making the benefit decision (without regard to whether it was relied on in making the decision); or
- Demonstrates compliance with the requirement that benefit decisions follow the terms of the plan and be consistently applied to similarly situated claimants.

**Appeal Process**

The Administrative Committee or its designee will decide your appeal within a reasonable period of time, but no later than 60 days (45 days if your claim is for disability benefits) after it receives your appeal. However, the Administrative Committee (or designee) may need more time — up to 120 days (90 days if your claim is for disability benefits) after it receives your appeal — to make a decision due to special circumstances. If an extension of time is required because of special circumstances, you will be given written notice of the extension before the expiration of the initial determination period. The written extension notice will indicate the special circumstances requiring the extension and the date by which the committee expects to render a decision.

The Administrative Committee (or designee) will consider all comments, documents, records, and other information that you have submitted in reviewing your claim, regardless of whether that information was considered in determining your initial claim. If your claim is for disability benefits, the review must not defer to the original denial and must be decided by the Administrative Committee or its designee. If your claim was denied based on medical judgment, the Administrative Committee (or designee) will consult with a health care professional, who has training and experience in the particular medical field involved, and who is different from the person, or their subordinate, who was consulted in connection with the denial of your initial claim. If your claim is for disability benefits, the Administrative Committee (or designee) will also identify any medical or vocational expert whose advice was obtained in connection with the denial of your initial claim (without regard to whether the advise was relied upon in denying our claim) upon request.

**Denied Appeals**

If your appeal is denied in whole or in part, the Administrative Committee (or designee) will notify you in writing or electronically within a reasonable period of time. This notice of the denial of your appeal will include:

- The specific reasons for the denial;
The specific plan provisions on which the denial is based;

A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim (a document is considered relevant if it meets one or more of the criteria listed at the end of the “Review of Denied Claims/Filing an Appeal” section, under “Denied Claims” on page 20);

A statement of your right to bring a civil action under ERISA Section 502(a) following a denial of your appeal;

If your claim was for disability benefits, any rule, guideline, procedure, or other criterion that the Administrative Committee (or designee) relied upon in denying your claim or a statement that the rule, guideline, procedure, or other criterion was relied upon and that the Administrative Committee (or designee) will provide you with a copy of the rule, guideline, procedure, or other criterion upon request;

Any voluntary alternative dispute resolution options, such as mediation, that may be available; and

The time limits described below for initiating any legal action involving a benefit claim.

If you do not receive notice within the time allowed, you should consider your claim denied. **Decisions by the Administrative Committee (or designee) are final, binding, and conclusive on all concerned and shall be given the maximum possible deference allowed by law.**

The Administrative Committee has discretionary authority to make findings of fact and to interpret and apply the terms of the plan in connection with claims and appeals.

You may not initiate a lawsuit to obtain plan benefits until after you have exhausted the claims procedures described above. No lawsuit may be initiated more than 360 days after the claims procedures described above have been exhausted.

The specific procedures governing claims for medical benefits (including, but not limited to, procedures for urgent care claims, concurrent care decisions, pre-service and post-service claims, procedures for filing claim forms, providing notifications of benefit determinations, and reviewing denied claims) applicable to the medical plans sponsored by TPMG are provided to you automatically, and free of charge, as a separate document.

### If You Are Re-employed

If your employment with TPMG and MAPMG ends and you are later re-employed by TPMG as a physician or salaried employee, you may resume earning credited service and benefits available under the plan. If you are not vested when you leave and you are re-employed by TPMG or another MCO, then you immediately begin earning vesting service, but you do not earn additional credited service unless you return to a position covered by the plan.

If you end your employment with TPMG and all MCOs and are subsequently re-employed by TPMG more than 60 calendar months after the month in which your employment ended, your monthly pension benefit will be calculated in two parts:

- Your prior period of employment, based on your years of credited service and highest average compensation during such prior period, and

- Your new period of employment, based on your years of credited service during your new employment period and your highest average compensation (reflecting your new period of employment).
Example 1
Assume that you are re-employed more than 60 months after the month in which your employment ended.

- During your first period of employment:
  - You have 10 years of credited service before you end your employment with TPMG, and
  - your highest average compensation was $7,000
- During your second period of employment:
  - You have three years of credited service after your return, and
  - your newly computed highest average compensation is $9,000

Based on the above assumptions, your total monthly pension at age 65 would be:

<table>
<thead>
<tr>
<th>Formula</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>First period of employment</td>
<td>$7000 \times 2% \times 10\ years</td>
</tr>
<tr>
<td>Plus</td>
<td></td>
</tr>
<tr>
<td>Second period of employment</td>
<td>$9000 \times 2% \times 3\ years</td>
</tr>
<tr>
<td>Equals</td>
<td>Total Pension at 65</td>
</tr>
</tbody>
</table>

Example 2
Assume that you are re-employed less than 60 months after the month in which your employment ended.

- During your first period of employment:
  - You have 10 years of credited service before you end your employment with TPMG
- During your second period of employment:
  - You have three years of credited service after your return, and
  - your newly computed highest average compensation is $9,000

Based on the above assumptions, your total monthly pension at age 65 for the combined period of employment would be:

<table>
<thead>
<tr>
<th>Formula</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>First period of employment</td>
<td>$9000 \times 2% \times 10\ years</td>
</tr>
<tr>
<td>Plus</td>
<td></td>
</tr>
<tr>
<td>Second period of employment</td>
<td>$9000 \times 2% \times 3\ years</td>
</tr>
<tr>
<td>Equals</td>
<td>Total Pension at 65</td>
</tr>
</tbody>
</table>

**Suspension of Benefits**
If you are re-employed by TPMG as a physician, pool physician or pool podiatrist after your pension benefit payments have started, your monthly pension benefit payments will stop during the period of your re-employment to the extent your benefit payments do not qualify as limited in-service retirement income.
If you are credited with 40 or more hours of vesting service in any calendar month during your period of re-employment, when your employment with TPMG ends again, your monthly pension benefit payments will not be actuarially adjusted for any such calendar month.

However, if you are credited with less than 40 hours of vesting service in any calendar month during your re-employment as a physician, pool physician or pool podiatrist, when your employment with TPMG ends again, your monthly pension benefit payments will be actuarially adjusted for any such calendar month.

If the plan suspends your pension benefit payments upon your re-employment for periods after you have reached age 65 or if you continue to work for TPMG or MAPMG past age 65, the plan administrator will provide you with a notice that describes:

- the specific reasons why your pension benefit payments are being suspended or are not being actuarially increased for the time when you work past age 65 and could have retired and started receiving benefits,
- a general description of the plan’s suspension provisions,
- where you can find the Department of Labor regulations regarding suspension of benefits, and
- the plan’s procedures for reviewing benefit suspensions.

Benefits If You Die

The type of survivor benefits, if any, payable to your survivor or estate upon your death depends in part on whether you die before or after you have submitted a valid signed benefit election form or have begun receiving your monthly pension benefit payments.

Before Your Pension Benefit Payments Begin or You Have Submitted a Valid Retirement Election Form

If you have a vested Plan 1 benefit and you die before you have submitted a valid signed benefit election form and your retirement benefit payments have not begun, a pre-retirement death benefit is payable to your beneficiary. If you are not vested when you die, no survivor’s benefit is payable to your beneficiary from the plan.

- If you die before you qualify for normal retirement benefits, the pre-retirement death benefit is a monthly benefit payable for the remainder of your beneficiary’s life that is actuarially equivalent to the Plan 1 pension benefit that you had earned as of the date of your death.

Your beneficiary may elect to receive the pre-retirement death benefit in the form of:

- a single life annuity,
- a fixed period and life annuity, or
- installment payments.

The monthly pension benefit payable to your beneficiary after your death will depend on your beneficiary’s age and the form of payment elected by your beneficiary.

Payment Start Date

The date when pre-retirement death benefits begin depends on whether your beneficiary is your spouse, a person other than your spouse, or your estate.

- If your beneficiary is your spouse, payment of the pre-retirement death benefit may begin following your death and may be deferred, but until no later than the month in which you would have reached age 65.

- If your beneficiary is not your spouse, the pre-retirement death benefit payments must begin on the last day of any month within one year of your death.
• If your beneficiary is a trust or an estate, payments must be made in 60 monthly installments and must begin by December 31 of the calendar year in which you die, as required by federal law.

After Your Pension Benefit Payments Begin

If you die after you have submitted a valid signed election form or after your pension benefit payments have begun, your beneficiary will receive the benefits, if any, to which he/she is entitled under the form of payment that you elected at retirement. There is one exception to this rule; if you have filed a valid election form for a single life annuity benefit and you die prior to beginning your benefit payments, the election will be ignored and you will be treated as if the election had not been filed.

Taxes on Plan Benefits

Plan 1 is designed to meet Internal Revenue Code ("IRC") requirements as a “qualified plan,” to take advantage of special tax treatment available to qualified plans. This means that:

• contributions to the plan are not currently taxable to you and
• the investment gains of the plan’s trust fund are not currently taxable to you or TPMG.

You will be taxed only when you actually receive pension payments from the plan. Such payments will generally be taxable as ordinary income in the year received.

The tax rules that apply to this plan are complex and may apply differently to each individual. Therefore, the plan administrator cannot advise you on your taxes and encourages you to consult your own tax advisor regarding the treatment of payments made to you.

Tax Treatment of Distributions

Generally, you are taxed on a distribution of pension plan benefits in the tax year in which you receive the distribution.

However, if you receive your pension benefit in the form of a single payment or installments over a period of less than 10 years (other than certain distributions that are required because you have reached age 70½), you may be able to defer taxation by directly rolling over all or part of the distribution to an eligible employer plan or an individual retirement account ("IRA") or annuity.

You may not elect to have separate portions of an eligible rollover distribution directly rolled over to multiple trustees or custodians.

If you elect to have an eligible rollover distribution paid to you and you do not have the distribution directly rolled over, a 20% federal income tax will automatically be withheld. You may still roll over all or any part of the distribution to an eligible employer plan or IRA within 60 days after you receive it, but you must contribute the 20% withheld from other sources within the 60-day period to roll over the entire distribution. If you roll over only the 80% received, you will owe taxes on the remaining 20%.

For non-periodic distributions that are not eligible for rollover, federal income tax of 10% or an amount based on the tax table for a married individual claiming three allowances for periodic distributions will be withheld, unless you elect no or different withholding by filing a completed IRS Form W-4P with the plan administrator before the distribution is made.

Essentially the same rollover rules above apply to a surviving spouse beneficiary. However, a non-spouse beneficiary may only elect to have the distribution paid to him/her or to have an eligible rollover distribution paid in a direct rollover to an Inherited IRA. The non-spouse beneficiary may not roll over the distribution to an eligible employer plan.

When you elect to receive a distribution of benefits, the plan administrator will provide you with a written notice that describes the tax consequences of the available distribution options in more detail.

Benefits Effective January 1, 2011
Retiree Medical Benefits

The plan provides eligibility for medical benefits to certain retired plan members, their spouses (as defined by federal law), and eligible children, and describes any required contributions toward the cost of those benefits. In accordance with federal law, medical benefits are not provided under the plan to domestic partners or same-sex spouses.

Depending on your date of hire, the eligibility for and premium support for retiree medical benefits may include basic medical, supplemental medical and dental coverage, as well as Medicare Part B standard premium reimbursements.

The plan is one of several plans maintained by TPMG that provide retiree medical benefits to eligible plan members, their spouses, and qualified dependents. Although the various plans are designed to provide retiree medical benefits, the TPMG Board of Directors reserves the right to amend this plan to reduce and/or eliminate benefits and to add or increase the amount of required (or optional) member or beneficiary contributions, should it determine that it is desirable or necessary to do so.

Any amendment or action may apply to any member and/or dependents regardless of the member’s employment and/or retirement status.

Additionally, the medical benefits provided by this plan for members and beneficiaries covered by Medicare are intended only to supplement Medicare payments. All such medical benefits, and the cost to TPMG of providing such benefits, are based on the Medicare benefits that existed on January 1, 1994. If, at any time, Medicare pays less of the medical benefits provided to members and beneficiaries under this plan than the amount paid by Medicare on January 1, 1994, there is no obligation on the part of TPMG to provide additional benefits or to incur additional costs.

Eligibility and Enrollment

This section describes the eligibility requirements for retiree medical benefits for you and your family.

If you are eligible for post-retirement medical benefits and you (or your eligible dependents) are under age 65, your coverage is automatic. You do not need to take any action or complete any election forms. If you (or your eligible dependents) are eligible for Medicare, reside in California and you elect Medicare Out-Of-Area coverage, your share of the cost is the Medicare Out-Of-Area rate minus the Kaiser Senior Advantage rate.

Cost of Coverage

TPMG makes contributions for post-retirement medical benefits. The contributions are deposited in a separate account under the plan where they are held by the plan trustee for the sole benefit of eligible plan members, their spouses, and their qualified dependents. If you are eligible for retiree medical benefits under the plan, you must also contribute the following share of the cost:

- If you are younger than age 65 and elect PPO coverage, your share of the cost is the retiree PPO rate minus the KFHP under age 65 retiree rate.
- If you are eligible for Medicare, reside in California and you elect Medicare Out-Of-Area coverage, your share of the cost is the Medicare Out-Of-Area rate minus the Kaiser Senior Advantage rate.
Eligibility

When you retire, TPMG will determine if you, your spouse, or eligible child are eligible for retiree medical benefits from the plan.

Key Employees Not Eligible

You are not eligible for the plan’s retiree medical coverage if you are or have ever been a key employee. Generally, a key employee is an employee who at any time during the year is either:

- an officer of TPMG who earns more than $160,000 (as adjusted for cost of living increases),
- a more than five percent owner of TPMG, or
- a more than one percent owner of TPMG who earns more than $150,000.

For more information on retiree medical benefits for key employees, contact MD Benefits.

You will be eligible for medical coverage as a retired employee if you meet eligibility requirements for retirement while you are in a benefits-eligible status, based on your hire date.

If You Were Hired by TPMG or any MCO Before February 1, 1986

You are eligible for basic and supplemental medical coverage and Medicare Part B premium reimbursement if you stop working with TPMG and all MCOs either:

- on or after age 65 with at least 10 years of vesting service, or
- on or after age 60 (age 55 if your employment ends due to disability) with at least 15 Years of vesting service.

If you leave employment with TPMG and MCOs and later return to employment, your eligibility for the benefits provided for those hired before February 1, 1986 may be affected.

If You Were Hired by TPMG or any MCO After January 31, 1986

You are eligible for basic and supplemental medical coverage, and, if required by Medicare, vision coverage from the plan, if you stopped working with TPMG and all MCOs on or after age 60 (age 55 if your employment ended due to disability) with at least 15 years of vesting service.

Important Information for a Surviving Spouse

- If you have coverage as a surviving spouse and you remarry, your retiree medical coverage will terminate immediately. Coverage can, however, continue for your eligible children.

How Retiree Medical Coverage Works

If you meet the requirements for retiree medical coverage (see “Eligibility” on page 27), you and your eligible dependents will have a choice of two medical plans. Your eligible dependents will be covered under the same plan you choose for yourself. The two medical plans are:

- If you reside in a Kaiser Permanente service area, you will be enrolled in a Kaiser Permanente health plan with the same benefits as active physicians to the extent that is reasonably possible. If you are enrolled in a Kaiser Permanente plan, you will also be covered by the TPMG Supplemental Medical Plan insured by CIGNA.
- If you reside outside a Kaiser Permanente service area, you will be enrolled in the Open Access Plus (OAP) plan insured by CIGNA. This is a PPO plan.

For additional information on the retiree medical plans, contact MD Benefits.

Changing Covered Dependents

You may add or delete a spouse or eligible child after your retiree medical coverage begins during Open Enrollment or within 31 days of one of the following qualifying family status changes:

- your marriage
Pre-existing Condition Exclusions

There are no pre-existing condition exclusions.

Definition of an Eligible Child

An eligible child is any child who (regardless of the financial relationship or dependency, residency, marital status, student status, employment, or any combination of these) is 26 or younger who is not covered by any other employer plan, or any child older than age 26 who prior to age 26 met the requirements of the KFHP, Inc., Evidence of Coverage, including being permanently and totally disabled and your dependent under IRS rules.

Coverage May End If You Are Re-employed

Any retiree medical benefits you are receiving from the plan will stop if you become eligible for medical benefits for active employees after being rehired by TPMG or an MCO or you are rehired by TPMG as a Pool Physician.

- If you are rehired by TPMG, you will again become eligible for benefits from the plan when your employment ends.
- If you are rehired by an MCO, you will no longer be entitled to benefits under this plan.

Coordination with Medicare

Once you, your spouse or dependents become eligible for Medicare (either because of age or disability), participation in Medicare Parts A and B and the assignment of your benefits to Kaiser Permanente is required to receive retiree medical coverage. You are required to be enrolled in a Kaiser Permanente Senior Advantage Plan unless you are enrolled in the PPO plan.

If you were hired prior to February 1, 1986 and you or your eligible dependents are under age 65 and Medicare eligible because of disability, you/them must enroll in Medicare Parts A and B and assign your/their benefits to Kaiser Permanente to receive retiree medical coverage. Once you or your eligible dependents are enrolled in Medicare, you/them will receive the same medical benefits provided to members age 65 or older.

Summary of Benefits

This SPD contains only a summary description of the eligibility requirements for retiree basic medical and supplemental medical coverage. Detailed schedules of these benefits are available from the plan administrator, free of charge, upon request. You can reach the plan administrator by phone at 510-996-5850.

Also, information covering the following is provided by the plan administrator in a separate document, free of charge:

- deductibles, coinsurance, and co-payment amounts for which you may be responsible,
- limits on benefits,
- preventative services that are covered,
- the extent to which existing or new drugs are covered,
- the extent to which medical tests are covered,
- provisions for network providers and the extent to which out-of-network coverage is provided,
- the conditions or limits on emergency care,
- provisions requiring preauthorization or utilization review, and
- a listing of network providers, if applicable.
Other Retiree Medical Information

This section includes information that affects your medical benefits.

Health Insurance Portability and Accountability Act ("HIPAA")

The plan will use protected health information ("PHI") only to the extent it is permitted by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Specifically, the plan will use and disclose protected health information for purposes related to health care treatment, payment for health care and health care operations.

COBRA Continuation

If you are eligible for retiree medical benefits under the plan, you have a right to continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA").

COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the plan when they would otherwise lose their group health coverage.

Please refer to the “General Notice of COBRA Continuation Coverage Rights” previously provided to you for additional information on when it may become available to you and your family and what you need to do to protect your right to receive it. If you have any questions regarding COBRA continuation coverage or to provide notice to TPMG as required to receive COBRA coverage, please contact MD Benefits at 510-996-5850.

HIPAA Special Enrollment Notice

If you decline retiree coverage for yourself or your eligible dependents (including your spouse) because you have other health insurance coverage, you may be able to enroll yourself or your eligible dependents in the retiree medical coverage under the plan if your other coverage ends. You must request to enroll in this plan within 31 days after your other coverage ends.

In addition, if you have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may be able to enroll yourself and your eligible dependents, provided that you request enrollment within 31 days after the marriage, birth, adoption, or placement for adoption.

Certificate of Creditable Coverage

You should be provided a certificate of creditable coverage, free of charge from the plan or health insurance issuer when any of the following events occur:

- you lose coverage under the plan
- you become entitled to elect COBRA continuation coverage, or
- your COBRA continuation coverage ceases, if you request it before losing coverage, or if you request it up to 24 months after losing coverage.

Without evidence of creditable coverage, you may be subject to a pre-existing condition exclusion for 12 months (18 months for late enrollees) after your coverage enrollment date.

Contact Information

If you have any questions regarding retiree medical benefits, COBRA, or HIPAA, you may contact MD Benefits located at 1800 Harrison Street, 7th Floor, Oakland, CA 94612. For more information about your rights under ERISA, as well as information about COBRA, HIPAA, and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor’s Employee Benefits Security Administration ("EBSA") or visit the EBSA website at www.dol.gov/ebsa. (Addresses and phone number of Regional and District EBSA Offices are available through EBSA’s website.)
Other Rules and Regulations

This section describes additional rules and regulations that may affect your Plan 1 benefits, as well as your rights under laws such as the Employee Retirement Income Security Act of 1974 (as amended), known as “ERISA.”

PBGC-Insured Benefits

Benefits under this plan are insured by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. If the plan ends without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Some people will receive all of the pension benefits they would have received under the plan, but some people may lose certain benefits. The PBGC guarantee generally covers:

- normal and early retirement benefits;
- disability if you become disabled before the plan terminates; and
- certain benefits for your survivors.

The PBGC guarantee generally does not cover:

- benefits greater than the maximum guaranteed amount set by law;
- some or all of the benefit increases and new benefits based on plan provisions that have been in place for fewer than five years when the plan ends;
- benefits that are not vested because you have not worked long enough;
- benefits for which you have not met all the requirements when the plan ends;
- certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the plan’s normal retirement age; and
- non-pension benefits, such as health insurance and certain death benefits.

Even if certain of your benefits are not guaranteed, you may still receive some of those benefits from the PBGC depending on how much money your plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask the plan administrator or contact the PBGC’s Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC’s pension insurance program is available through the PBGC’s website on the Internet at http://www.pbgc.gov.

Qualified Domestic Relations Order (“QDRO”)

Generally, your benefits under the plan cannot be assigned, either voluntarily or involuntarily, except through a qualified domestic relations order or “QDRO.”

However, in the event of your divorce or another domestic relations matter, a QDRO may legally require the distribution of a portion of your plan benefit to an alternate payee (your spouse, former spouse, child, or other dependent).

Your benefit will be reduced if a court has ordered that a portion of your total accrued benefit is to be paid to an alternate payee under a QDRO.

You may obtain a free copy of the plan’s QDRO procedures from the plan administrator by contacting MD Benefits at 510-996-5850. You will also be provided with information describing your rights, plan benefits, and how the determination process works.
If you have a pending domestic relations order, you may not begin to receive any distribution from the plan. If pension benefit payments have already started, a portion of your benefit may be withheld pending resolution of the QDRO review process.

**Potential Loss of Benefits**

The plan is intended to provide you with a valuable retirement benefit. However, some individuals may not qualify for a benefit and others may lose a benefit even if they once qualified. Circumstances resulting in a denial or loss of benefits are discussed more fully elsewhere in this SPD. You should be aware that the following are some, but not all, of the possible reasons you may not receive part or all of a benefit:

- If you do not meet the requirements for eligibility to participate, you will not be entitled to any benefit.
- If you end your employment with TPMG and all MCOs before becoming vested, you will lose any benefit you have earned.
- If all or a portion of your benefits are awarded to an alternate payee pursuant to a QDRO, you will not receive your entire benefit.
- If the plan is terminated with insufficient assets to provide your benefit, and if the Pension Benefit Guaranty Corporation (“PBGC”) does not guarantee all of your benefit, then your benefit may be reduced or in some cases may be lost altogether.
- If the plan should be disqualified by the IRS, contributions made to the plan may result in current taxable income to you.

**Plan Administrative Information**

**Plan Name**

The official name of Plan 1 is the Retirement Plan for Physicians and Salaried Employees of The Permanente Medical Group, Inc.

**Type of Plan**

Plan 1 is a defined benefit pension plan that is tax-qualified under the Internal Revenue Code.

**Plan Number**

The plan number is 011.

**Type of Administration**

TPMG or its designee administers the plan.

**Contributions**

Because the plan is a defined benefit pension plan, TPMG’s contribution to the plan is actuarially determined.

**Source of Payments**

All Plan 1 benefits are paid from a trust.

**Plan Administrator**

The Permanente Medical Group, Inc.
MD Benefits
1800 Harrison Street, 7th Floor
Oakland, CA 94612
510-995-5850
Administrative Committee

The administrative committee is appointed by and serves at the discretion of the Executive Director. The administrative committee has the responsibility for the general operation of the plan, including maintaining records of the rights of the plan members in accordance with the plan, and the resolution of any questions arising under the plan. The administrative committee may be contacted at the following address:

Administrative Committee  
c/o MD Benefits  
Retirement Plan for Physicians and Salaried Employees  
of The Permanente Medical Group, Inc.  
1800 Harrison Street, 7th Floor  
Oakland, CA 94612

Plan Trustee

State Street Bank & Trust Company  
P.O. Box 1992  
Boston, MA 02105

Plan Sponsor and Sponsor’s Employer Identification Number

The Permanente Medical Group, Inc.  
1800 Harrison Street, 7th Floor  
Oakland, CA 94612  

Employer Identification Number (“EIN”): 94-2728480

Fiscal Records

The fiscal records of Plan 1 are maintained on a calendar year basis, January 1 through December 31.

Agent for Service of Legal Process

Kristin Chambers  
General Counsel  
The Permanente Medical Group, Inc.  
1950 Franklin Street  
Oakland, CA 94612  

Service of legal process may also be made upon the plan administrator.

Your ERISA Rights

As a member of the plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (“ERISA”). ERISA provides that all plan participants shall have the following rights.

Receive Information about Your Plan and Benefits

ERISA provides that all plan participants shall be entitled to:

- Examine without charge, at the plan administrator’s office, all documents governing the plan, including insurance contracts, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including insurance contracts, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The plan administrator may make a reasonable charge for the copies.
Receive a summary of the plan’s annual financial report. The plan administrator is required by law to furnish each plan member with a copy of this annual funding notice (formerly, a summary annual report was provided).

Obtain a statement telling you whether you have a right to receive a pension at normal retirement age, and if so, what your benefits would be at normal retirement age if you stop working under the plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The plan must provide the statement free of charge.

**Prudent Actions by Plan Fiduciaries**

In addition to creating rights for plan members, ERISA imposes duties upon the people who are responsible for the operation of the plan. The people who operate your plan, called “fiduciaries” of the plan, have a duty to do so prudently and in the interest of you, other plan members, and Beneficiaries.

No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension or welfare benefit or exercising your rights under ERISA.

**Enforce Your Rights**

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the plan adminstrator.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan’s decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay the costs and fees, if for example, it finds your claim is frivolous.

**Assistance with Your Questions**

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest Office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.