

401(k): Salem Health Retirement Plan

Frequently Asked Questions

What is a 401(k) Plan?

A 401(k) plan is established by an employer under which employees can elect to defer income by making pre-tax contributions for the purpose of saving for retirement. The plan may also allow for employer contributions. Taxes on contributions to the account are not taxable until the money is withdrawn.

Why was Fidelity chosen as the recordkeeper of our 401(k) Plan?

As a leading provider of retirement savings plans, Fidelity's experience will help provide the resources to help you meet your retirement goals in the future. Fidelity's offering of retirement education, robust planning resources, on-site and/or over-the-phone guidance, and extensive "branch" network helps set Fidelity apart.

Why might you consider participating in the 401(k) Plan?

The sooner you begin and the longer you invest in your retirement savings through payroll deduction, the more time your investment has to potentially accumulate and grow. Second, by saving in your 401(k), you reduce the amount of your income that is eligible for taxation. Third, you defer taxes on the money you save and potentially earn compounding investment returns until you retire. Plus, your participation may allow you to receive Salem Health contributions.

Can I participate in the 401(k) plan?

You may participate in the Salem Hospital Retirement Plan if your Full Time Equivalent (FTE) is 0.20 or greater. Unscheduled and Temporary status employees do not qualify to participate in the Plan.

What's my password to access my 401(k) account on Fidelity NetBenefits®?

To access your account with Fidelity, you'll need to establish a username and password. To get started, go to netbenefits.com/SalemHealth and click *Register* at the top of your screen, or call 800-343-0860 to speak with a Fidelity representative.

First, you'll need to verify your identity by providing:

- The last 4 digits of your Social Security number
- Your first name, last name, and date of birth
- Click *Next*

Next, create a Username. Your username can be your Social Security number, but to better protect your account, we strongly recommend that you create a unique username. Once you create a username, you cannot revert to your SSN.

I can't remember my password. How do I get a new one on Fidelity NetBenefits®?

If you have used NetBenefits with a previous employer, or have a personal account with Fidelity, you can use the same login information (username and password) from that account to access NetBenefits. If you have forgotten your login information, click *Having Trouble with Your Username or Password?* under the *Need Help?* section of netbenefits.com, or call 800-343-0860 to speak with a Fidelity representative.

How much can I contribute to a 401(k) Plan?

Each year, the IRS determines what amount you may defer into a defined contribution plan. If you are age 50 or older, you may also defer an additional amount, otherwise known as a "catch-up" contribution.

	Under Age 50	Age 50 or older	
Year	Your Maximum Standard Before-Tax Contribution	Catch-Up Contribution	Your Before-Tax Contribution Maximum
2015	\$18,000	\$6,000	\$24,000



What types of contributions does the Hospital make to my 401(k) account?

Salem Health will contribute to your retirement savings in two ways in order to help you reach your retirement goals:

- 1. Matching Contributions** - Salem Health makes a contribution in proportion to the contribution you make.
- 2. Experience Contributions** – Salem Health makes an additional contribution based on your years of service, as long as you are participating in the plan.

Matching Contributions

For the first part of the program, Salem Health will provide a "matching" contribution based on your level of contribution. The table to the right shows how this works.

You are eligible for this contribution after one year of eligible service with the Hospital. Once you are eligible, you are 100% vested in all matching contributions. You are always 100% vested in your own contributions.

If you contribute...	the Hospital will contribute...	Vesting
1% of pay	1% of pay	100%
2% of pay	2% of pay	
3% of pay	3% of pay	
4% of pay	3.5% of pay	
5% or more of pay	4% of pay	

Experience Contributions

For eligible participating employees (those who contribute 1% or more of salary), Salem Health will make an additional contribution based on your years of service in a benefit-eligible position at Salem Health, up to 4.5% for 15 or more years of service.

If your years of service are...	the Hospital will contribute...	Vesting
1 – 4 years	1.5% of pay	20% per year for 5 years
5 – 9 years	2.5% of pay	
10 – 14 years	3.5% of pay	
15 or more years	4.5% of pay	

How do I designate my beneficiary (which you may do with Fidelity starting May 11)?

The current beneficiary designations on file for your Plan with Milliman will not transfer to Fidelity. This means you'll need to designate new beneficiaries. Simply log on to NetBenefits at netbenefits.com/SalemHealth, click *Your Profile*, then click the *Beneficiaries* link in the *About You* section. In the event of your death, if you don't identify a beneficiary with Fidelity, your account may not be paid out according to your wishes.

Do I have to pay a fee to participate in the Plan?

Each participant will be charged \$65 per year (\$16.25 deducted quarterly) to participate in the Plan. Because Milliman charged an annual fee plus an asset-based fee, your fee at Fidelity will generally be lower than what it was at Milliman. This annual fee is necessary to cover the cost of proficiently recordkeeping our Plan.

What is vesting?

Vesting refers to ownership. Your own contributions are always 100% vested (meaning, you have 100% ownership, even if you leave Salem Health). The Matching portion of the Hospital contribution is also 100% vested immediately, while the Experience portion of the Hospital contribution will vest at 20% per year (after five years, you'll be 100% vested).

How much am I contributing to my 401(k) account?

If you're not sure how much you're contributing today, log on to your account at netbenefits.com/SalemHealth and click the *Contribution Amount* quick link under the Salem Health Retirement Plan. Or, log into [MyHR](#), click on *Benefits*, then click on *Current Benefits* to see your pre-tax 401(k) deduction. If you're still having trouble, please contact the Fidelity Service Center at **800-343-0860**.

What is auto-enrollment?

To help you save for retirement, new hires, including re-hires, will be automatically enrolled in the 401(k) Plan after 30 days of service, at a deferral rate of 3%. If you don't want to participate, or if you want to participate at a different deferral rate, you'll need to go onto netbenefits.com/SalemHealth and change your deferral to 0% or the rate of your choice. If you participated in the past and have become eligible again, you will automatically be enrolled at your previous deferral rate.

I was auto-enrolled into the plan, where are my contributions going?

Employees who are automatically enrolled will have their contributions invested in the Vanguard Target Retirement Fund based on your date of birth, assuming a retirement age of 65. If you'd like to change your investments, log on to your account at netbenefits.com/SalemHealth.

What are the different types of investment options within the Salem Health 401(k) Plan?

There are several options for you to choose from, depending on the type of investor you are.

For the hands-off investor:

Target Retirement Date funds.

These funds offer an all-in-one approach to simple investing. The Vanguard Target Retirement Date – Trust II Series investments are designed for investors expecting to retire around the year indicated in each investment's name. The investments are managed to gradually become more conservative over time as you get closer to retirement. It's important to remember that Target Date investments are subject to the volatility of the financial markets, including the volatility of equity and fixed income investments in the United States and abroad, and may be subject to risks associated with investing in high-yield, small-cap, commodity-related, and foreign securities. Principal invested is not guaranteed at any time, including at or after the investments' target dates.

Managed Accounts

The Fidelity® Portfolio Advisory Service at Work (PASW) managed account service gives you professional investment management of your account. The service, provided for an additional fee, will put you in an investment mix designed to help you manage risk while seeking to enhance growth as you move toward retirement. Once enrolled you will receive regular updates on any changes that are made to your portfolio and will be encouraged to update and confirm your personal investment profile on an annual basis.

For more information, go to netbenefits.fidelity.com/pas or call **866-811-6041**. PASW will be available to all employees in the Plan on or after June 15, 2015.

For the hands-on investor:

Core funds

Build your own portfolio using the investment options in the Plan. Choose from among 24 investments within the Salem Health 401(k) Plan.

Self-directed brokerage

If you're an investor who's willing to take on the potential for more risk, and you're prepared to assume the responsibility of more closely monitoring this portion of your portfolio, using these investment options may interest you.

Can I speak with a Fidelity representative about my 401(k) account?

If you have questions regarding your 401(k) account, you can contact Fidelity toll-free at **800-343-0860**. Fidelity Service Representatives are available Monday through Friday, 5:30am to 9:00 pm, Pacific time.

I would like to sign up for the Salem Hospital Retirement Plan. How can I do that?

If you would like to sign up for the Salem Hospital Retirement Plan, you can enroll by logging onto Fidelity's website at netbenefits.com/SalemHealth or by calling the Fidelity Service Center at **800 343-0860**. Changes will be effective on your next paycheck, or as soon as administratively possible.

How would participating in the 401(k) Plan affect my paycheck?

Examples

1. Alicia has completed 1 year of service at Salem Health and earns \$29,000 per year. Her year of service at Salem Health makes her eligible for an Experience Contribution equal to 1.5% of her annual pay, if she participates in the plan. In the table below, you can see that by raising her contribution rate from 1% to 5%, she would earn an additional \$870 in Matching Contributions from the Hospital for the year.

Alicia	1%	5%
Employee Contribution	\$ 290	\$1,450
Matching Contribution	\$ 290	\$1,160
Experience Contribution	\$ 435	\$ 435
TOTAL 401(k) Contributions	\$1,015	\$3,045

In the table below, you can see how Alicia's take-home pay may be affected by increasing her contributions.

Alicia's Paycheck Calculation	1% Contribution	5% Contribution
Earned Income	\$1,208.33	\$1,208.33
Retirement Contribution	\$ 12.08	\$ 60.41
Taxable Income	\$1,197.62	\$1,147.92
Tax Paid (30%)	\$ 359.29	\$ 344.38
Take-home Pay	\$ 838.33	\$ 803.54

2. Robert has completed 10 years of service at Salem Health and earns \$45,000 per year. His years of service at Salem Health makes him eligible for an Experience Contribution equal to 3.5% of his annual pay, if he participates in the plan. In the table below, you can see that by raising his contribution rate from 1% to 5%, he would earn an additional \$1,350 in Matching Contributions from the Hospital for the year.

Robert	1%	5%
Employee Contribution	\$ 450	\$2,250
Matching Contribution	\$ 450	\$1,800
Experience Contribution	\$1,575	\$1,575
TOTAL 401(k) Contributions	\$2,475	\$5,625