

Salem Health Hospitals & Clinics Retirement Plan Summary Plan Description

Si usted tiene preguntas acerca del Plan, por favor llame al
Centro de Servicios de Beneficios al 800-343-0860.

Los representantes que hablan español están a su servicio.

It is important to have a plan for your future, and to begin saving to make that plan more than a dream. As an employee of Salem Health Hospitals & Clinics (Salem Health), you have a real advantage.

By participating in the Salem Health Hospitals & Clinics 401(k) Retirement Plan (Plan) you can:

- Build an excellent source of retirement income for your future
- Lower your current taxable income by saving on a pretax basis
- Become eligible to receive Employer Contributions
- Take advantage of a variety of investment choices

This booklet is a summary of the Plan. It describes how you can build the kind of financial resources which, when joined with Social Security and your other savings, can help provide financial security during retirement.

So start today. Begin planning—and saving—to make your retirement dreams come true.

Table of Contents

Eligibility and Participation.....	4
Automatic Enrollment.....	4
Naming Your Beneficiary.....	5
Plan Participation After Re-employment.....	5
Plan Participation After Status Changes.....	6
Plan Participation After Military Duty.....	7
Account Access.....	8
Your Plan Accounts.....	9
Contributions to the Plan.....	9
Vesting.....	13
Your Investment Options.....	15
Loans.....	17
Payments from the Plan While Employed.....	18
Payments from the Plan When You Leave or Become Disabled.....	20
Payments from the Plan Due to Death of a Participant.....	23
Qualified Domestic Relations Orders.....	24
General Information.....	24
Your Rights Under ERISA.....	27
Claims Procedures.....	28
Appendix A: Procedures for Qualified Domestic Relations Orders.....	30

The information included in this brochure serves as a summary plan description of the provisions of the Salem Health Hospitals & Clinics Retirement Plan that were in effect as of May 1, 2019. A complete description, found in the legal document (plan and trust agreement) that governs the Plan, can be obtained from Fidelity Investments. If there are any differences between the information in this summary plan description and the actual provisions of the Plan as reflected in the Plan and trust agreement, the Plan and trust agreement will govern.

Eligibility and Participation

Newly hired benefit-eligible employees may make pre-tax contributions to the Plan beginning on the first day of employment with Salem Health (formerly Salem Hospital) or Salem Health West Valley (formerly West Valley Hospital). We refer to both employers throughout this document as “Salem Health”.

You become eligible to receive Matching Contributions to your account after you have completed at least one (1) Year of Eligibility Service and are making pre-tax contributions.

You will receive a Year of Eligibility Service for each 12-month period of continuous employment by Salem Health. Special rules apply if you have periods of broken service during your Year of Eligibility Service.

You will receive Experience Contributions to your account if you have completed at least one (1) Year of Eligibility Service, are making pre-tax contributions, and have completed at least one year of Benefit Service. You earn Benefit Service by working in a benefit-eligible position. Special rules apply if you have periods of broken service during your Year of Benefit Service.

As a regularly scheduled part- or full-time employee, you will receive Matching and Experience Contributions only if you make pre-tax contributions into your 401(k) account.

However, you are not eligible to participate in the Plan if you –

- are a leased employee
- are classified by the employer as an independent contractor
- work on an on-call basis and either have no regular work schedule or are regularly scheduled to work fewer than eight hours per week (i.e., a “U” status employee)
- were hired for a limited duration, usually not exceeding six months, and have been informed in writing that you are not eligible to participate in the Plan
- are an employee covered by a collective bargaining agreement (CBA), unless the CBA provides otherwise.

“U” Status Employees & Other Ineligible Employees

If you are an ineligible employee or are not a regularly scheduled employee of Salem Health but work on an on-call basis (i.e., a “U” status employee) then you are not eligible to make or receive contributions to the Plan. You are not considered to have a severance of employment for distribution purposes, but you do have some in-service withdrawal capabilities. See Payments from the Plan While Employed for further details.

Automatic Enrollment

While participation is not required, Salem Health encourages employees to start saving early and makes it easy to participate in the Plan. To assist you in getting started saving, Salem Health will automatically enroll eligible employees at a contribution level of 5% of eligible compensation. On the next anniversary of your most recent date of hire, your contribution will be increased to 6%. For your third and following years, this will increase again by 1%, until you reach a maximum contribution of 10% of eligible compensation. This is referred to as auto-increase

You may opt out or change your contribution amount at any time. Automatic contributions begin not less than 30 days after the date you are hired or rehired as an eligible employee or experience a status change into a benefits-eligible position, unless you make a different election.

Naming Your Beneficiary

Your beneficiary is the person or persons whom you want to receive your plan accounts in the event of your death. To elect your beneficiary simply:

- Log into netbenefits.com/SalemHealth or
- Call Fidelity at 800-343-0860.

If you are married and would like to designate a primary beneficiary other than your spouse, a spousal consent, witnessed by a notary, would be required on the Beneficiary Designation Form. You may change your beneficiary as often as you wish (with the required spousal consent if you are married). If you do not designate a beneficiary, or no named beneficiary is living when you die, then your benefit will be payable in the following descending order to:

1. first, your surviving spouse;
2. then, your surviving children, including adopted children, in equal shares;
3. then, your surviving parents in equal shares;
4. then, your surviving siblings in equal shares; or,
5. finally, your estate.

Plan Participation After Re-employment

If you were a Plan participant before leaving Salem Health, you may re-enter the Plan as follows:

Employee Pre-tax Contributions: You may begin making elective contributions on the first day of employment as an eligible employee after rehire.

Matching Contributions: You will be immediately eligible to begin receiving Matching Contributions if you previously met the eligibility requirements. If you failed to meet the eligibility requirements for Matching Contributions before you terminated employment, then you may be treated as a newly hired employee. This means you would need to meet the entry requirements just like a new employee.

Experience Contributions: In general, if you separated employment for more than 182 days, you will be considered a new employee for purposes of the level of Experience Contributions for which you are eligible. If you returned to employment within 182 days after you separated employment, your time away will not count towards your Years of Benefit Service, but you will retain your hire date for purposes of counting your Years of Benefit Service for purposes of your level of Experience Contributions.

If you are rehired as an eligible employee, you will be automatically enrolled at the 5% auto-enrollment contribution rate as described above. Your subsequent auto-increase will be based upon your most recent date of hire.

Example: Tom was hired on 06/22/2015. He was automatically enrolled into the Plan and never made any changes to his contribution election. He separated employment on

12/30/2015. Tom was rehired on 04/02/2018, and was re-enrolled back into the Plan at 5%. If he makes no changes to his contribution, it will increase to 6% effective 04/02/2019, and will increase by 1% on each subsequent anniversary of his most recent hire date until his contribution reaches the maximum of 10% of eligible compensation.

Contact Fidelity at 800-343-0860 for more information.

Taking a military leave of absence generally will not affect when you initially qualify for Matching and Experience Contributions. The rules governing other types of paid and unpaid leaves of absence are more involved. If you would like more information about the effect a leave of absence may have on your Plan coverage, contact Fidelity at 800-343-0860.

Plan Participation After Status Changes

Prior participant

If you were in a benefits-eligible position and participated in the Plan, moved into a “U” status position, and then moved back into a benefits-eligible position, your contribution rate from your last Plan participation will be reinstated. You will be able to make elective contributions on your first day back into the benefits-eligible position.

If you were in the auto-increase program prior to your change in status, you will not be re-enrolled in automatic-contribution increases upon your return to regular service. You will need to log into NetBenefits® or call 800-343-0860 to increase your contribution.

EXAMPLE: Maria was hired as an eligible employee on 10/01/2013, and she immediately began participating in the Plan at a contribution rate of 4%. She never made any changes to her contribution percentage. On 11/15/2018, she moved into a “U” status position for six months, after which she returned to a regular full-time position that allowed her to resume participation in the Plan on 05/15/2019. At that time, she was re-enrolled in the Plan at a contribution rate of 4%. Her contribution rate of 4% will not automatically increase unless she selects that option.

No prior participation

If you were in a benefits-eligible position but did not make elective contributions to the Plan in your prior position, you will be treated the same as a new hire upon your return to a benefits-eligible position and automatically enrolled at a contribution level of 5% of eligible compensation. On the next anniversary of your most recent hire date that occurs at least 180 days after your initial enrollment in the Plan, your contribution will be increased to 6%. On each subsequent anniversary of your most recent hire date, your contribution will increase again by 1%, until you reach a maximum contribution of 10% of eligible compensation or make a change to your contribution rate.

“U” status moving into a benefits-eligible position

If you were hired into a “U” status position and are moving into a benefits-eligible position, Salem Health will enroll you automatically at a contribution level of 5% of compensation. If you do not make any changes, your contribution will increase to 6% of eligible compensation on the next subsequent anniversary of your most recent date of hire that occurs at least 180 days after your change in status, and will continue to increase by 1% on each subsequent anniversary of that hire date until you reach a maximum contribution of 10% of eligible compensation.

EXAMPLE: Naomi was hired into a “U” status position on 07/20/2019 and moved into a benefits-eligible position on 01/01/2020. Following her change in status, Naomi will be automatically enrolled in the Plan at a contribution rate of 5%. Effective 07/20/2020, her contribution will be increased to 6%, and will be increased by 1% on each subsequent July 20th until her contribution reaches 10% or she decides to make a change to her contribution rate.

Plan Participation After Military Duty

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) extends certain Plan benefit protection rights to reservists called to active duty and those who volunteer for such service. These rights relate to vesting service and the availability of make-up contributions if you return to work within the time periods set forth in USERRA.

Generally, you are entitled to reemployment rights and benefits if:

- You (or a military officer) provide advance notice of the military service to your employer, unless advance notice is prevented by military necessity or is otherwise impossible or unreasonable.
- Your absence from employment due to military service is for a cumulative period of less than 5 years, unless a longer period is necessary to complete an initial period of obligated service or you are ordered to or retained on active duty.
- You did not receive a dishonorable discharge or another type of punitive condition that terminates your USERRA rights.
- You report to, or apply for reemployment with, your employer within a certain number of days after the completion of your military service as follows:

Period of Military Service	Reporting Application Deadline
Less than 31 days*	1 day
31 – 180 days	14 days
More than 180 days	90 days

*If the period of military service is less than 31 days, or if the absence from employment is for the purposes of an examination to determine your fitness for military service, you must report to your employer no later than the first workday following completion of the military service after the allowance of adequate time to return to your residence and an eight-hour rest period.

If you are recovering from an illness or injury incurred in, or aggravated during your military service, you must report to your employer or submit an application for reemployment at the end of the recovery period. The recovery period may not exceed two years.

Upon qualified reemployment, you are entitled to receive certain benefits that you would have received had you remained in employment, but you will not be entitled to any greater rights than those provided under USERRA.

If you die while performing qualified military service, your survivors will be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) that would have been provided under the Plan if you had resumed active employment and then died. You will be 100% vested in all your accounts under the Plan.

Account Access

Internet Access: netbenefits.com/SalemHealth

Access to your Plan account is at your fingertips. Through NetBenefits®, you can access up-to-date information on your account balance, provisions of the Plan and investment fund information. The website also provides you with access to retirement planning tools. You can:

- change your payroll deduction once per pay period. After your request is processed, it is effective on the next available payroll.
- exchange funds.
- change your investment elections.
- apply for loans or in-service withdrawals.

Toll-free Salem Health Retirement Plan Hotline: 800-343-0860

Through a convenient toll-free hotline, available seven days a week, you can get many of the same types of information and conduct the same transactions as through the website. Benefit Service Representatives are available Monday through Friday, 5:00 AM until 9:00 PM, Pacific Standard Time.

Web, phone, and mobile application access to your account

You can access your 401(k) account three different ways:

- call Fidelity at 800-343-0860 on their recorded phone line,
- access the internet at netbenefits.com/SalemHealth, or
- download the NetBenefits® app to your smart device.

You will need your Social Security Number the first time you log into your account to access your information.

Any transactions you make online, through the smart device app, or over the phone are legally binding—as if you had personally signed a paper change form.

For your protection, NetBenefits® is secure. To ensure that only you have access to your account information, always be sure to sign out of your account after you've made changes.

Confirmations

You may request confirmations for all transactions you make when using NetBenefits® or when calling Fidelity Investments. When calling 800-343-0860, a transaction confirmation will be mailed to you within two working days of your request. Be sure to review your confirmation and notify your benefits representative immediately if you think an error has occurred. Every possible effort is made to correct errors reported within 30 days of the date the confirmation was mailed. Failure to report an error within 30 days indicates your acceptance of the transaction.

Your Plan Accounts

Participants' Accounts

The following separate accounts are maintained for you:

1. An **Employee Contributions Account**, which is credited with your elective payroll deduction contributions and earnings on those contributions.
2. A **Matching Contributions Account**, which is credited with any matching contributions made for you and earnings on those contributions.
3. An **Experience Contributions Account**, which is credited with any experience contributions made for you and earnings on those contributions.
4. A **Performance Contributions Account**, which is credited with any performance contributions made for you and earnings on those contributions.
5. A **Pre-Tax Rollover Account**, which is credited with your pre-tax rollover contributions, if any, and earnings on those contributions.
6. An **After-Tax Rollover Account**, which is credited with your after-tax (non-Roth) rollover contributions, if any, and earnings on those contributions.
7. A **Prior Plan Transfer Account**, which is credited with any amounts that you elected to have transferred from Salem Health's defined benefit pension plan, which was terminated on December 31, 1984, and earnings on those amounts.
8. An **After-Tax Contributions Account**, which is credited with any after-tax contributions you made to this Plan before October 1, 1984, and earnings on those contributions.
9. A **VCH Match Account**, which is credited with any amounts transferred from the Valley Community Hospital 401(k) Savings Plan, which was merged into this Salem Health Retirement Plan on December 20, 2002, and earnings on those amounts.
10. A **Qualified Non-Elective Contributions Account**, which is credited with any QNECs made for you and earnings on those contributions.

Statement of Accounts

Each quarter you will receive a statement showing the total value of your accounts as of the end of the quarter. Your statement, like all other records of your accounts in the Plan, is confidential. If you want to receive a paper statement, you will need to log into NetBenefits® and opt out of electronic delivery. If you need assistance opting out of electronically delivered statements, contact Fidelity at 800-343-0860.

Contributions to the Plan

Contributions for eligible employees to the Plan are based on your pay, defined as the total amount of your earnings, including overtime, bonuses, commissions, etc., but excluding imputed income (such as domestic partner benefits, Employer-paid group term life insurance coverage in excess of

\$50,000, or fringe benefits including loans forgiven by the Employer). Earnings also exclude reimbursements or other expense allowances, relocation costs, and deferred compensation. If you are an ineligible employee, you may not make future contributions to the Plan.

Employee Pre-tax Contributions

Pre-tax contributions are also known as 401(k) contributions. Save from 1% to 70% of your pay in pre-tax contributions (up to IRS limits shown below) through convenient payroll deductions. These are pre-tax contributions because they are deducted before federal income taxes are withheld. Pre-tax contributions will be credited to your Employee Pre-Tax Contributions account.

The Plan features automatic enrollment and auto-increase. This means that if you choose to do nothing, Salem Health will generally deduct 401(k) contributions from your payroll compensation starting with the first payroll, or as soon as practicable, after the 30-day period following the date you are eligible to enter the Plan due to initial hire, rehire or newly eligible status change. The 401(k) contributions automatically deducted will be based on the following schedule:

Most recent date of hire or status change	5%
First anniversary of your most recent date of hire ¹	6%
Second anniversary of your most recent date of hire	7%
Third anniversary of your most recent date of hire	8%
Fourth anniversary of your most recent date of hire	9%
Fifth anniversary of your most recent date of hire	10%

You may change your contribution rate at any time. If you do so, your 401(k) contributions will be deducted based on the contribution rate you set and will no longer follow the schedule described above. You may also stop your contributions at any time.

The Internal Revenue Service imposes a limit on the maximum amount you may save on a pre-tax basis. The maximum limit is higher for those who are age 50 or older (or who will attain age 50 by the end of the applicable calendar year). The law allows this age group to make additional pre-tax contributions known as “catch-up contributions,” providing an additional opportunity to expand their retirement savings. The maximum amount you can defer in 2019 is \$19,000 if you are under age 50 by Dec. 31. You can defer up to \$25,000 if you are age 50 by Dec. 31, 2019. The maximum amount you can defer is determined by the IRS based on their annually published cost-of-living adjustments.

The above limits apply to each participant individually and generally are not plan-specific. If you participated in another 401(k) plan prior to joining Salem Health, it is your responsibility to ensure that your deferrals for the current calendar year will not exceed the limits.

Employee pre-tax contributions are deposited into your 401(k) account after each payroll period.

You can increase or decrease your percentage at any time via NetBenefits® or the toll-free telephone hotline. After the Salem Health Payroll Department processes your request, it is effective on the next available payroll. You can change your percentage once per pay period.

¹ If you experience a status change, and your most recent date of hire occurs within 180 days of the status change, your contribution will not be increased until the second anniversary of your most recent hire date following the status change, and will increase by 1% on each anniversary thereafter.

Make-Up Contributions

If you are re-employed after returning from qualified Military Leave, you may make elective contributions for the period of Military Leave. You must file an application to elect make-up contributions designating the year to which the make-up contributions relate. The make-up period begins on the date you are reemployed and ends on the earlier of: (i) the fifth anniversary of reemployment or (ii) the last day of the period that is three times as long as the period of Military Leave.

Employer Contributions

To encourage you to save for your future financial security, Salem Health makes two types of contributions (Matching Contributions and Experience Contributions) to your accounts once you have completed one year of service. A year of service means a 12-month period of continuous employment by Salem Health, with special rules for broken service.

You are required to make Employee Contributions to the Plan in order to receive these two Employer Contributions: The Matching Contribution is based on the level of pre-tax contributions made by you each payroll. The Experience Contribution is based on your Years of Benefit Service, which are completed, consecutive years of employment starting on your most recent adjusted eligibility date.

You will receive an Experience Contribution for each payroll that you make an Employee Contribution of 1% or more.

The Matching Contributions schedule is as follows:

If you contribute	Salem Health will contribute
1% of pay	1% of pay
2% of pay	2% of pay
3% of pay	3% of pay
4% of pay	3.5% of pay
5% or more or pay	4% of pay

The Experience Contributions schedule is:

Years of Benefit Service	Salem Health Contribution (% of Compensation)
At least 1 but less than 5	1.5%
At least 5 but less than 10	2.5%
At least 10 but less than 15	3.5%
15 or more	4.5%

If you contribute the maximum allowable pre-tax contributions for a calendar year (\$19,000 for 2019, or \$25,000, if you are catch-up eligible) before the end of that year, you might not receive all of the Matching and/or Experience Contributions that you are entitled to each pay period. Any additional employer contributions to which you are entitled will be contributed to your accounts early in the following year.

In addition to the Matching and Experience Contributions, Salem Health may, in its sole discretion, elect to make a Performance Contribution. This contribution will be a flat dollar amount for each

eligible participant. The contribution is not a matching type of contribution, so you will not need to make an Employee Contribution to participate in the contribution. However, you will need to have completed one Year of Eligibility Service to be eligible.

If you return to employment from qualified Military Leave and elect make-up contributions, you will be entitled to receive Matching and Experience Contributions. Additional Matching and Experience Contributions will be determined separately with respect to each Plan Year to which the make-up elective contributions relate.

Rollover Contribution

If you are an eligible employee of Salem Health and you have a balance in a qualified plan with a previous employer, you can roll over that money to this Plan after you begin employment with Salem Health, even if you have not met the eligibility requirements of the Plan. The rollover contribution, however, is subject to approval by the Retirement Committee or its delegate.

If you choose to roll over your money, you can immediately take advantage of the loan and withdrawal options described later in this brochure. You may make direct (trustee-to-trustee) pre-tax or after-tax rollovers to this Plan from any eligible qualified retirement plan (e.g., 401(k), 403(b), IRA, etc.). You may also make an indirect pre-tax rollover to this Plan from any eligible retirement plan. After-tax amounts may not be indirectly rolled over into this Plan. Amounts from Roth accounts and 457(b) plans may not be rolled over into this Plan (regardless of whether a proposed rollover would be by direct or indirect means).

Other special rules apply to rollover contributions.

To obtain information about rollover contribution rules or to make a rollover contribution, log into NetBenefits® or call 800-343-0860.

Limitations on Contributions

The Internal Revenue Service has imposed specific limitations on the amounts that highly paid plan participants can contribute to plans like the Salem Health Retirement Plan. The Plan has been designed in such a way that there should not be any effect on the amounts you decide to save. However, some highly paid employees may have to lower the amount of their deferral contribution to the Plan. You will be notified if you are affected by this limitation.

Federal tax law also places an overall limit on the amount of contributions (Employee Contributions (other than catch-up contributions) and Salem Health contributions) that may be credited to your accounts for any one year. The current maximum amount is the smaller of 100% of your annual pay or \$56,000 (2019). There are no limits on the amounts of pre-tax rollover or after-tax rollover contributions in a given year.

Tax-Sheltered Annuities

Salem Health does not sponsor any tax-sheltered annuity program, otherwise known as a 403(b) Plan.

The Salem Health Retirement Plan does not provide Employer Contributions based on any 403(b) contributions made to any tax-sheltered annuity program. To receive Matching or Experience Contributions you must make Employee Contributions to this Plan (401(k) contributions).

The contributions to this Plan will affect the amount you may contribute to a tax-sheltered annuity and vice versa. For example, every dollar you contribute to a tax-sheltered annuity counts against the maximum Employee Contribution limits discussed above under Employee Pre-tax Contributions. You, and your tax advisor, are responsible for complying with the limits that apply when you contribute to both this Plan and a tax-sheltered annuity; neither Salem Health nor the Retirement Committee can monitor compliance for you.

Accounting for Contributions

All contributions to the Plan are held in trust for the exclusive benefit of the Plan’s participants and beneficiaries. Fidelity Management Trust Company serves as the Plan Trustee. All contributions made to the Plan on your behalf are credited to one or more separate accounts established in your name (e.g., an Employee Contributions account, Matching Contributions account or Rollover account).

Vesting

Vesting means ownership in your Employer Contributions accounts, and for some former Valley Community Hospital employees, the VCH Match account. Vesting is based on your years of service with Salem Health.

You receive one year of vesting service for each calendar year in which you work 1,000 hours or more. Prior to Jan. 1, 2003 you were credited with a year of vesting service for each calendar year in which you worked at least 400 hours.

Your Matching Contributions are immediately 100% vested.

The vesting schedule for your Experience Contributions and VCH Match account is as follows:

Years of Service	Your Vested Percentage
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5 or more	100%

If you terminated employment prior to Jan. 1, 2002, you should use the following table to calculate your vesting:

Years of Service	Your Vested Percentage
Less than 1	0%
1	0%
2	0%
3	0%
4	0%
5 or more	100%

The vesting schedule for your Performance Contributions is as follows:

Years of Service	Your Vested Percentage
Less than 3	0%
3 or more	100%

You become 100% vested in your Experience and Performance Contributions Accounts if you are employed by Salem Health when you reach normal retirement age (age 65), or if you leave employment due to disability (as defined by this Plan) or death, even if you have not yet completed 5 years of service. You will automatically become 100% vested in your accounts under the Plan if you die while performing qualified military service.

For vesting purposes, your years of service are calculated from your original date of hire, but certain breaks in service may impact your vested percentage.

Break-in-Service

The Plan provides specific rules describing the effect of a participant having five consecutive “one-year breaks-in-service”. A “one-year break-in-service” is defined as a Plan year during which a participant completes fewer than 400 hours of service.

Forfeitures

If you are not fully vested in your Experience or Performance Contributions account when you terminate employment with Salem Health, you forfeit (or lose) the non-vested portion of those contributions and allocable gain. In other words, you won’t be entitled to a payment of the non-vested portion. Forfeitures are used to pay Plan expenses or to meet Salem Health’s obligation to make a contribution to the Plan.

Restoration of Forfeitures

The amount you forfeit can be restored to your account. To qualify, you generally must be rehired before you have incurred five Break-in-Service Years. If all of the following apply, you may make up amounts withdrawn from the Plan and have the previously forfeited amounts restored to your account:

- You receive a distribution from the Plan when you terminate employment with Salem Health;
- You are not 100% vested in your Experience or Performance Contributions account at the time of that distribution (so that you forfeit a portion of that account); and
- You are later rehired before you incur five Break-in-Service Years.

If you make the restoration contribution within five years of your rehire date, the amount you forfeited will be restored to your Experience or Performance Contributions account. If you feel you meet these requirements and are interested in making a restoration contribution, contact Fidelity at 800-343-0860 for more information.

Example:

Sam is an eligible employee who works under the Plan and earns 3 years of vesting service as of Dec. 31, 2011. Upon ceasing employment with Salem Health on Feb. 1, 2012, he is 100%

vested in his pre-tax contributions, Matching Contributions and Performance Contributions. He is 60% vested in his Experience Contributions.

Assume Sam withdraws \$9,000.00 from his Experience Contributions account upon his separation of service on Feb. 1, 2012. 40% of Sam's Experience Contributions account is forfeited. Sam returns to work for Salem Health on Jan. 1, 2015 after a 3-year Break in Service. If Sam repays the \$9,000.00 to his accounts by Dec. 31, 2019, his previously forfeited Experience Contributions (the forfeited 40%) will be restored.

Your Investment Options

Available Investment Options

Salem Health has a Retirement Committee that works with an investment adviser to select the array of funds available in the Plan. The selection of funds is intended to provide a variety of investment options to meet the various savings and investment goals of all participants. You can find additional fund information through NetBenefits® and in your participant enrollment materials.

Your Investment Elections

You direct the investment of all money in your accounts. Your job is to allocate your assets in the Plan fund options most appropriate for your needs. Several investment funds and models are available to you. You determine how your contributions are invested; you can allocate all of your contributions into one investment fund or divide them (in whole percentages) among any combination of the funds. If you do not make investment elections, your contributions will be invested in a default fund designated by the Retirement Committee.

Consider your tolerance for risk and your time horizon before allocating your assets.

Make investment changes through NetBenefits® or by calling 800-343-0860. Any change made electronically to your existing investments generally will be initiated on or before the next business day. Any investment changes for future contributions will be effective when contributions are next deposited into the Plan. In unusual circumstances, redemptions and/or purchases may be temporarily suspended as permitted by federal securities laws, including the Investment Company Act of 1940.

Future and existing balance elections must be made separately. If you change your existing fund choices and you also want to change your future contribution investment elections, you must separately change your investment elections for future contributions.

ERISA 404(c) Plan and Investment Information

The Retirement Plan is intended to constitute a Section 404(c) plan, within the meaning of the Labor Department's regulations under Section 404(c) of ERISA. Under Section 404(c), plan fiduciaries may be relieved of liability for losses which are the direct result of the investment instructions of plan participants.

Under Section 404(c), participants must be provided, or have the opportunity to obtain, sufficient information to make an informed decision with regard to the Plan's investment options.

Information that must be provided to you includes a description of each investment alternative including:

- A general description of the investment objectives, risk and return characteristics;
- Identification of any designated investment managers;
- A description of any transaction fee and expenses which affect your account balance; and
- The name, address, and phone number of the Plan fiduciary responsible for providing information.

Additional Information Upon Request

Upon request, the Retirement Committee will provide each participant with certain information (as described below) concerning the investments under the Plan. Unless the information is available through 800-343-0860 or netbenefits.com/SalemHealth you may request that information in writing delivered to the Retirement Committee, and the Retirement Committee will respond in writing. The information that a participant may request and the limits on such information are as follows:

- **Annual Operating Expenses.** A description of the annual operating expenses of each investment fund (for example, investment management fees and administrative fees) which reduce the rate of return to participants, and the aggregate amount of those expenses expressed as a percentage of the average net assets of the investment fund;
- **Reports.** Copies of any prospectuses, financial statements and reports, and any other materials relating to the investment fund available under the Plan, to the extent that information is provided to the Plan;
- **List of Assets.** A list of the assets that comprise the portfolio of each investment fund and that constitute Plan assets (within the meaning of Title 29 of the Code of Federal Regulations Section 2510.3-101), the value of each such asset (or the proportion of the investment fund which it comprises), and, with respect to each such asset which is a fixed rate investment contract issued by a bank, savings and loan association or insurance company, the name of the issuer of the contract, the term of the contract and the rate of return on the contract;
- **Share Values.** Information concerning the value of shares or units in the investment funds, as well as the past and current investment performance of the investment funds, determined, net of expenses, on a reasonable and consistent basis; and
- **Account Value.** Information concerning the value of shares or units in the investment funds held in the participant's account.

The Retirement Committee will strive to provide any requested information as soon as practicable following a participant's request. Within the bounds of feasibility, efforts will be made to furnish the requested information in sufficient time to enable the participant to make informed investment, voting and other decisions. Written requests should be directed to:

Fidelity Investments
PO Box 770002
Cincinnati, OH 45277-0090
800-343-0860

When you enroll in the Plan, you will receive summary information regarding each of the currently available investment funds. You may obtain updated summaries at any time through the telephone hotline or NetBenefits®.

You may also receive a current prospectus (or similar information) for any investment fund by requesting it via the fund toll-free number included with each fund summary.

You are responsible for making all investment changes for these accounts, even after your employment terminates. You should carefully review all information provided to you by the Plan (and any other information from any other sources that you consider important), and make sure that your investment choices are appropriate for your individual needs.

In general, the Plan's Trustee is responsible for voting any mutual fund shares, shares of stock and other investments held on your behalf in the Plan. However, the Trustee may periodically ask you how shares allocated to your accounts should be voted.

Loans

Using NetBenefits® or the telephone hotline, you can elect to borrow from your investment funds in the Plan. You can set the amount of your loan and the repayment schedule that's best for you through a process called loan modeling. After you enter various loan amounts and repayment frequencies, the loan modeling process calculates your loan payments.

You may request a:

- **General purpose loan for any reason.** You have up to five years to repay this loan. General purpose loans are paperless, which means that the loan is initiated based on the information you enter into the hotline or netbenefits.com/SalemHealth website. Signing the loan check signifies your acceptance of the loan terms.
- **Primary residence loan to purchase your primary residence.** You have up to 15 years to repay this loan. The Retirement Committee may request proof of purchase for your primary residence. When you apply for a loan, you will receive (be able to print if online) the requested documentation including the promissory note and the "Truth in Lending" disclosure. If you use the telephone hotline, the paperwork will be mailed to your home. You must complete the paperwork and return it to Fidelity in order to initiate a home loan.

Loan Amount

The minimum amount you may borrow is \$1,000.

The maximum amount is 50% of your vested account balance, excluding your Matching, Experience and Performance Contributions and QNEC and VCH Match accounts, or \$50,000, whichever is less. If you had a previous loan, the \$50,000 will be reduced by your highest outstanding loan balance during the last 12 months.

Plan loans may be funded from your account balances, excluding your Matching, Experience, and Performance Contributions and QNEC and VCH Match accounts.

You may have no more than 1 outstanding loan at any time.

Interest Rate

The interest rate you pay on a loan is the prime, plus 1%. The interest is paid back to your account(s) as you make repayments.

The interest rate is updated once per quarter.

Loan Funding and Repayments

Your loan is funded proportionally from your existing accounts (excluding the Matching, Experience and Performance Contributions Accounts and QNEC and VCH Match Accounts).

You repay your loan through mandatory payroll deductions. Your loan payments are reinvested according to your investment elections for future contributions. You may prepay your outstanding loan at any time with a single lump-sum payment.

Upon leaving Salem Health, you may repay your outstanding loan(s) within 90 days with a single lump-sum payment. If you are not able to repay the outstanding loan balance, your loan may be declared in default and offset by this Plan. Under IRS rules, however, you may still be able to roll over to another eligible retirement plan any unpaid loans that have been offset by this Plan, if you do so by the tax filing deadline (with extensions) for the year in which your employment terminated. Please consult your tax advisor for additional information about this option.

If you are performing services in the uniformed services, whether or not it qualifies as Military Leave, no loan repayments are required during the period of military service, but interest continues to accrue on the outstanding balance. If you provide proper notice, interest on the loan will not exceed 6 percent per year. Your period of military service shall not be taken into account in determining the maximum loan term and repayments will resume as scheduled when your military service ends.

Defaulting on a Loan

Your loan may be declared in default if you fail to make a regularly scheduled payroll deduction for 30 days or if your employment terminates for any reason and you do not repay the outstanding balance of your loan as required in the Plan's loan procedures. In general, if you are in danger of defaulting on your loan, the recordkeeper will send warning letters to your last known address 30 days and 60 days before declaring a default. If you still do not remit payment, the recordkeeper will default your loan.

Tax Upon Default

A loan is not considered taxable income. However, if you default on your loan, the outstanding loan balance will become a taxable distribution to you. In addition, if you are not yet age 59½, a 10% additional income tax may apply.

Payments from the Plan While Employed (In-service Withdrawals)

You can request an in-service withdrawal through NetBenefits® or the telephone hotline. Generally, if you withdraw funds from the Plan, you must pay state and federal income taxes on the full amount withdrawn. Additionally, for individuals younger than 59½, the IRS imposes an additional tax penalty of 10% of the amount withdrawn, unless the withdrawal falls under specified exceptions. Exceptions include, but are not limited to: distributions made to an alternate payee under a qualified domestic relations order; a qualified reservist distribution; and distributions to disabled participants. Please consult a qualified tax professional to determine the tax consequences of your distribution.

Financial Hardship Withdrawal

You may apply for a financial hardship withdrawal from your vested account balances.

Financial hardship withdrawals will be approved for:

- Unreimbursed medical expenses for you, your spouse or dependents.
- Payment for the next 12 months of room and board, tuition or educational fees for post-secondary education for you or your spouse, children or dependents.
- Costs directly related to the purchase (excluding mortgage payments) of your primary residence.
- Payment of amounts necessary to prevent eviction from or foreclosure on your primary residence or repairing damage to your principal residence if the damage would qualify as a casualty loss caused by a federally declared disaster occurring between 2018 and 2025.
- Funeral expenses for your parent, spouse, children or dependents.

You may withdraw only the amount needed to pay your hardship expenses. However, the amount of an immediate and heavy financial need may include any amounts necessary to pay taxes or penalties that may result from the distribution.

Any hardship withdrawal will be limited to your Employee Pre-tax Contributions, Pre-tax Rollover, After-tax Rollover, Prior Plan Transfer, and After-tax Contribution accounts. The amount of the hardship withdrawal cannot exceed the current market value of these accounts net of any outstanding loan balance.

A financial hardship withdrawal cannot be rolled over to an IRA or to another eligible retirement plan and is subject to 10% federal income tax withholding, unless you elect a different amount or percentage, or no withholding. If you are under age 59½ at the time of the withdrawal, you may be required to pay an additional 10% penalty tax on the withdrawal.

Rollover Account Withdrawal

If you have made a pre-tax or after-tax rollover contribution to the Plan, you may withdraw all or any portion of your Pre-tax or After-tax Rollover Accounts at any time. Rollover account withdrawals may be taken as a lump sum or rolled over to an IRA or qualified retirement plan.

If taken as a lump sum, the Pre-tax Rollover Account withdrawal and the taxable portion of your After-tax Rollover Account withdrawal are subject to automatic 20% federal income tax withholding. Moreover, if you are under age 59½, you may be subject to a 10% penalty tax.

“U” Status Employees & Other Ineligible Employees

If you are an ineligible employee or are not a regularly scheduled employee of Salem Health but work on an on-call basis (i.e., a “U” status employee), you may be eligible to withdraw part or all of your account. Eligibility for withdrawals is determined by your age as follows:

Under Age 55

If you are a “U” status or otherwise ineligible employee and are under age 55, you have limited withdrawal options. If you’ve made a rollover contribution to the Plan, you may withdraw up to the full balance of your Pre-tax Rollover and After-tax Rollover Accounts; otherwise, you may not withdraw from your account except under conditions of financial

hardship. Please refer to the sections above to see if you qualify for either of those distribution types.

Between Ages 55 and 59½

If you are a “U” status or otherwise ineligible employee and are between ages 55 and 59½ with at least five Years of Vesting Service, then you may withdraw some or all of any portion of your account except your Employee Pre-tax and Matching Contributions and QNEC accounts, and applicable earnings. This means that you can withdraw from your Prior Plan Transfer, Pre-tax Rollover, After-Tax Rollover and After-tax Contributions Accounts, your fully vested Experience and Performance Contribution accounts and your vested VCH Match account.

Over Age 59½

If you are a “U” status or otherwise ineligible employee and over age 59½ with at least five Years of Vesting Service, you may withdraw any portion of your account without restriction.

Age 59½ Withdrawal

If you are a regularly scheduled employee of Salem Health with at least five Years of Vesting Service and have reached age 59½, you may take an Age 59½ Withdrawal at any time. You may withdraw all or any portion of your accounts under the Plan.

As with the Rollover Account Withdrawal, you may take your distribution as a lump sum or as a rollover. Installment payments are not an option for Plan participants who are still actively employed. If you take a lump sum distribution, your withdrawal will be subject to the standard 20% federal tax withholding.

Qualified Reservist or Eligible Servicemember Withdrawal

If you are a Qualified Reservist or Eligible Servicemember, you may withdraw all or any portion of your accounts except your Matching, Experience and Performance Contribution, and QNEC and VCH Match accounts and applicable earnings. This means that you can withdraw from your Employee Pre-tax Contributions, Pre-tax Rollover, After-tax Rollover, After-tax Contributions, and Prior Plan Transfer accounts.

Payments from the Plan When You Leave or Become Disabled

When you terminate employment with Salem Health or become disabled, you may receive the vested portion of your employer contribution account(s) plus 100% of your remaining account balances. The Plan provides for 100% vesting for all participants who terminated employment due to disability or retirement. In order to qualify for disability vesting, you must meet have become eligible to receive total and permanent disability benefits under the Social Security Act.

Generally, if you receive funds from the Plan, you must pay state and federal income taxes on the full amount paid. Additionally, for individuals younger than 59½, the IRS imposes an additional excise penalty of 10% of the amount paid, unless the payment falls under specified exemptions. Please consult a qualified tax professional to determine the tax consequences of your distribution.

Vested Account Balances of At Least \$5,000

If your vested account balance is at least \$5,000, call the telephone hotline or log on to NetBenefits® to request your distribution. If you do not request a distribution from your accounts, you will be

treated as deferring your Plan payment until a distribution is required by law (see Deferred Payment).

Vested Account Balances of At Least \$1,000, up to \$5,000

The Plan provides for automatic rollover of any vested account balance that is at least \$1,000 and does not equal or exceed \$5,000. If you do not request payment or rollover (to another plan or IRA), then the Plan will pay the amount in a direct rollover to an IRA selected by the Plan Administrator. To request a payment or rollover to the plan or IRA of your choosing, log into NetBenefits® or call 800-343-0860 to request a distribution.

Vested Account Balances of Less than \$1,000

The Plan provides for involuntary cash-out of any participant whose vested account balance is less than \$1,000. If Salem Health chooses to initiate these cash-outs and if the value of your vested account balance is less than \$1,000, your account will be distributed in a lump-sum payment, less withholdings, unless you elect to roll over some or all of the distribution amount to another plan or an IRA. To request a rollover, log into NetBenefits® or call 800-343-0860 to request a distribution.

Distribution Options

The Plan allows a number of different types of distributions. In some cases, your distribution options may be limited by your age. Please review the following provisions to see which types of distributions you are eligible to take.

As a terminated employee age 55 or over, you have several distribution options available that are unrestricted in the type of distribution. However, not all distribution options are available to terminated employees under age 55. If you are under age 55 and are considering taking a distribution, please read this section carefully to see which provisions may apply to you.

Cash Distributions

The normal form of benefit is a lump sum. The Trustee is required by the IRS to withhold 20% for federal income taxes of the taxable portion of any eligible rollover distribution if it is not directly transferred to another eligible retirement plan or IRA.

In general, any portion of your benefit payment that is not an eligible rollover distribution (for example, required distributions for participants aged 70½ or greater) is subject to voluntary withholding. Unless you elect to have a different amount or percentage withheld, or waive withholding, the Trustee is required by the IRS to withhold 10% for federal income taxes of the taxable portion.

If you take your benefit payment as ordinary income and have not reached age 59½, the taxable portion of the payment may be subject to an additional 10% penalty tax. Refer to the SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS included in your distribution request for more information.

Direct Rollover

Special federal tax rules apply to “eligible rollover distributions.” Lump sum payments and periodic payments paid out over a period of less than 10 years generally are eligible rollover distributions.

You may roll over all or a portion of your accounts to a traditional IRA (individual retirement account or individual retirement annuity), a Roth IRA, a qualified defined contribution plan, a 403(a) annuity plan, a 403(b) plan, or a governmental 457(b) plan that will accept the direct rollover. Taxes

are not withheld from the amount rolled over. If you make a direct rollover to a Roth IRA, the distribution will be taxable (but will not be subject to the 10% tax penalty). The distribution check is made out to the rollover institution.

Note: Earnings on after-tax contributions to the Plan are eligible for rollover. The after-tax contributions themselves are eligible for rollover if the rollover institution will accept them.

Installment Payments

If you are over age 55, you may elect to receive monthly, quarterly, semi-annual or annual installment payments from your account. The automatic 20% federal income tax withholding does not apply to those payments if they can be expected to extend for the lesser of your life expectancy or ten years.

Deferred Payment

When you terminate employment with Salem Health, you are entitled to receive the full value of your vested Plan accounts. If your total vested accrued benefit is \$5,000 or more, log into NetBenefits® or call 800-343-0860 to request a distribution. If you do not request a distribution, you are considered to have elected to defer (or delay) Plan payments until the earlier of the date you:

- Request a distribution or
- Are required by law to begin Plan payments. Under current law, Plan payments must begin no later than April 1 of the calendar year following the calendar year in which you reach age 70½ or terminate employment with Salem Health, whichever comes later.

Due to the complexities of income tax laws, you should consult a professional tax adviser before you receive a distribution from the Plan.

Over Age 70½ Required Minimum Distributions

Generally, Required Minimum Distributions are minimum amounts required under federal law that you must annually withdraw starting with the year you reach age 70½, or the year in which you retire, if later.

If you've terminated employment with Salem Health, you must begin taking minimum distributions by April 1 of the year following the year in which you reach 70½. You must continue to take required minimum distributions each year until you no longer have an account balance in the Plan. The minimum amount you must withdraw each year is your account balances as of the last day of the year divided by your life expectancy or the life expectancies of you and your designated beneficiary.

If you continue working beyond age 70½, you must begin receiving annual required minimum distributions by April 1 following the end of the calendar year in which you terminate employment.

After the first year that you begin receiving required minimum distributions, you must receive subsequent annual distributions by each Dec. 31. This means that you may receive two distributions the first year, one by April 1 (relating to the previous year) and one by Dec. 31 (relating to the current year). You are responsible for withdrawing the correct amount to meet the minimum distribution requirements.

Different Required Minimum Distribution rules apply to your beneficiary if you die before you begin taking required distributions.

Payments from the Plan Due to Death of a Participant

If you die while employed by Salem Health or while performing qualified military service, your Retirement Plan account will automatically become 100% vested. If you die after terminating employment, your vesting will remain unchanged. Your beneficiary will be entitled to take a distribution of your account subject to the following provisions.

The amount payable to your beneficiary will be your vested account balance at the time the distribution is processed.

If you were already required to take minimum distributions before your death, then payments to any beneficiary must continue at least as quickly as the payment form in effect upon your death.

For a spousal beneficiary, payments must begin by the later of:

- Dec. 31 of the year in which you would have turned 70½ or
- Dec. 31 of the year following the year you died;

Non-spouse beneficiaries must begin receiving payments by Dec. 31 of the year following the calendar year containing the date of your death or must take full distribution by the Dec. 31 of the year containing the fifth anniversary of your death.

A spousal or non-spouse beneficiary may take a distribution in any form allowed to a Plan participant.

If a spouse or non-spouse beneficiary chooses installment payments, then each year a minimum amount must be distributed as calculated using IRS life expectancy tables based upon the life expectancy of the beneficiary. If the beneficiary does not choose installment payments or if the beneficiary is not a natural person (e.g., trust, charity), then payment from the account must be completed by Dec. 31 of the year containing the fifth anniversary of your death.

If your spouse receives an eligible rollover distribution, he or she may roll over some or all of the distribution to a traditional IRA (individual retirement account or individual retirement annuity), a Roth IRA, an income tax qualified defined contribution plan, a 403(a) annuity plan, a 403(b) plan, or a governmental 457(b) plan that will accept the direct rollover.

A non-spouse beneficiary may elect to have an eligible rollover distribution paid in a direct rollover to a traditional IRA or a Roth IRA that is established to receive the distribution. The IRA must be expressly identified as an IRA with respect to a deceased individual and must identify both you and your non-spouse beneficiary.

If your spouse or non-spouse beneficiary makes a direct rollover to a Roth IRA, the distribution will not be taxable at that time and will not be subject to the 10% tax penalty.

If the account balance is less than \$5,000, then installment payments are not available to your beneficiary as a distribution option.

Qualified Domestic Relations Orders

A Qualified Domestic Relations Order (commonly known as a QDRO) is a court order requiring the Plan to pay some or all of your Plan benefits to your spouse, former spouse, or children. A court order must meet certain legal requirements to be a QDRO. The Retirement Committee has authority to determine whether the legal requirements have been met. If these requirements have been met, the Plan must make the payments as required by the order. The Plan may be required to make payments even though you are still working for Salem Health and cannot receive benefits yourself. The Retirement Committee will notify you if the Plan receives a QDRO relating to your account. The complete QDRO Procedures, including the fee imposed for reviewing and implementing a domestic relations order, can be found in Appendix A.

General Information

Name of Plan: Salem Health Hospitals & Clinics 401(k) Retirement Plan

Type of Plan

The Plan is a profit sharing plan that is intended to qualify for favorable tax treatment under Internal Revenue Code Section 401(a).

In addition, the Plan contains a cash or deferred arrangement intended to qualify under Internal Revenue Code Section 401(k).

Effective Date

The Plan became effective on Jan. 1, 1982. The most recent complete restatement to the Plan became effective generally on Jan. 1, 2016.

Plan Sponsor

The Plan is sponsored and maintained by:

Salem Health Hospitals & Clinics
890 Oak Street SE
Salem, OR 97301

Retirement Committee

The Retirement Committee is the Plan administrator, responsible for the operation and administration of the Plan. This includes establishing the rules necessary to administer the Plan, keeping employee records, communicating with participants, determining eligibility, determining benefit amounts, supervising benefit payments, informing the members of all changes or amendments to the Plan, bringing the Plan into conformity with governmental laws and regulations, and making available to all participants reports and documents as prescribed by law. The Retirement Committee has the exclusive discretionary authority to interpret, construe and enforce all Plan provisions, and its decisions are final and binding. If you wish to take legal action against the Plan, you may have legal process served on the Retirement Committee or on the Plan's Trustee. If for any reason you wish to contact the Retirement Committee, you may do so at the following address:

Retirement Committee
Salem Health Hospitals & Clinics
890 Oak Street SE
Salem, OR 97301

(503) 814-1850

Although the Retirement Committee is responsible for the administration of the Plan, we have retained Fidelity Investments (Fidelity) to assist us. Fidelity is responsible for the recordkeeping, accounting, toll-free telephone, smart device apps, and web access features of the Plan.

Plan Expenses

All publicly traded mutual funds, including the ones used by the Plan, have expenses associated with their management and operations. These mutual fund management fees are automatically reflected in the share price you receive on any purchase or sale of a fund; they are not deducted from your plan account.

Funding

Plan benefits are provided both from your contributions and Salem Health's contributions. All contributions are paid into a trust fund set up solely for the participants and their beneficiaries in the Plan. These contributions, together with investment earnings of the trust fund, are used to provide your plan benefits.

Trustee

The Trustee for the Retirement Plan, Fidelity Management Trust Company, holds and invests the assets of the trust fund. The Trustee is subject to strict rules concerning the administration of the trust fund and its investments to assure—as much as possible—that the trust fund is handled with care, skill, prudence and diligence for the good of all participants in the Plan.

You may contact the Trustee at the following address:

Fidelity Management Trust Company
245 Summer Street
Boston, MA 02210

Participating Employers

A complete list of participating employers in the Retirement Plan may be obtained by participants and beneficiaries upon written request to the Retirement Committee and is available for examination at the office of the Retirement Committee.

Plan Sponsor and Plan Identification

Some information about the Plan is filed with the Internal Revenue Service and the Department of Labor. If you contact either agency regarding the Plan, you must refer to the following Employer Identification Number and Plan Identification Number:

- Employer Identification Number: 93-0823471
- Plan Identification Number: 002

Plan Year

The Plan year is the 12-month period used for maintaining the financial records for the Plan. The Plan year begins each January 1 and ends each December 31.

No Guarantee of Employment

This Plan does not constitute an employment contract between you and Salem Health. It does not guarantee you the right to be continued in Salem Health's employment, nor does it limit Salem Health's right to discharge any employee.

Upon termination of employment, no employee will have the right to or interest in any of the Plan's assets except for the benefit to which he or she is entitled under the Plan.

Reinstatement of Your Forfeited Account

As explained earlier, if you leave Salem Health prior to becoming fully vested in your Plan accounts and you receive or are deemed to have received a full distribution of your vested benefits, you will forfeit the non-vested portion of the balance in such accounts. However, if you return to Salem Health you will be able to reinstate your previously forfeited amount if:

- You did not incur five consecutive Break-in-Service years and
- You repay to the Plan, in cash, the dollar value of all distributions that you received from partially-vested accounts when you left Salem Health. You must repay the Plan within five years after you return to employment.

If you want to reinstate your previous Plan account, contact the Retirement Committee. It's your responsibility to initiate a reinstatement of your previous Plan account.

Top-heavy Rules

Under a set of rules set out in the Plan, as required by the Internal Revenue Code, the Plan may be top-heavy. Simply stated, a top-heavy Plan is one where more than 60% of the benefits are allocated to "Key Employees." Key Employees are generally owners, officers or shareholders of the Employer. The Retirement Committee is responsible each year for determining whether the Plan is top-heavy. If the Plan becomes top-heavy in any year, you may be entitled to certain minimum benefits and special rules will apply.

Notification of Address

You should notify the Retirement Committee of any change in your address. This will help ensure proper receipt of any Plan-related mailings.

Non-transferability of Benefits

Your benefits under the Plan may not be alienated; that is, sold, used as collateral for a loan (other than a loan from your account in the Plan), given away or otherwise transferred prior to being paid to you. Also, your creditors (other than the Internal Revenue Service) may not attach, garnish or otherwise interfere with your benefits under the Plan.

However, the Plan may be required by law to recognize obligations that you incur as a result of court-ordered child support, alimony, or marital property rights. The Plan must honor a QDRO, which allocates a portion of your benefits under the Plan to your spouse, former spouse, or child. If such an order is received by the Retirement Committee, all or a portion of your benefits may be used to satisfy the obligation.

You and your beneficiaries may obtain a copy of the Plan's QDRO procedures, without charge, by contacting the Retirement Committee. The QDRO procedures are also attached to this summary as Appendix A.

Future of the Plan

Salem Health reserves the right to amend, modify or terminate the Plan, in whole or in part, at any time at its option.

A decision to change or terminate the Plan may be due to business conditions, changes in the law governing such plans, or any other reason.

If the Plan is terminated or partially terminated, or if employer contributions are permanently discontinued, affected participants will become fully vested in their accounts. If the Plan is terminated, the Retirement Committee will determine the timing of the disposition of assets to Plan participants and their beneficiaries.

Benefits under the Plan are not insured by the Pension Benefit Guaranty Corporation (PBGC), a government agency which insures pension plans. The Plan is not insured by the PBGC because it is a defined contribution plan and, unlike a defined benefit pension plan, does not have fixed benefits determined pursuant to a formula. Any benefits payable by the Plan are based on amounts contributed and investment results which cannot be determined in advance. Your benefits depend solely on the amounts in your Plan accounts and are not guaranteed under federal law.

Your Rights Under ERISA

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act (ERISA) of 1974. ERISA provides that all plan participants are entitled to:

Receive Information About Your Plan and Benefits

Examine, without charge, at the Retirement Committee's office and at other specified locations, such as worksites, all documents governing the Plan, including 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 Retirement Committee, copies of documents governing the operation of the Plan, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Retirement Committee may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Retirement Committee is required by law to furnish each participant with a copy of this summary annual report.

Obtain a statement telling you whether you have a right to receive a benefit at normal retirement age (age 65) 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 benefit, the statement will tell you how many more years you have to work to get a right to a benefit. 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 participants, ERISA imposes duties upon the people who are responsible for the operation of the retirement 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 and other Plan participants 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 your vested benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a vested 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 Retirement Committee 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 Retirement Committee. If you have a claim for benefits, which 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 court 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 these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Retirement Committee. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Retirement Committee, 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 NW, Washington, DC 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.

Claims Procedures

To claim your benefit under the Retirement Plan, you (or your beneficiary) should contact Fidelity to obtain and complete the forms necessary to process the benefit, if any.

If Your Claim Is Denied

Your claim for benefits might be denied in whole or in part if:

- the Retirement Committee does not believe you are entitled to a benefit; or
- the Retirement Committee disagrees with the amount of benefit to which you believe you are entitled.

If this happens to you, the Retirement Committee should notify you in writing of the reasons for the denial within 90 days of the date you make your claim. (See the “NOTE” below.) The notice of denial should:

- explain the specific reason why your claim for benefits is being denied, and specify the Plan provisions upon which the denial is based.
- if the denial is the result of you filing an incomplete claim, provide a description of any additional information needed to perfect your claim and an explanation of why it is necessary.
- explain the claim review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under Section 502(a) of ERISA following an appeal of an adverse benefit determination.

If you do not receive notice of denial from the Retirement Committee within 90 days, you will be deemed to have exhausted all administrative remedies and may file suit in federal or state court.

Review of Denial

If you do not receive a notice of denial or if your claim has been denied, you may request a review of the denial. You have 60 days after receipt of the written notice of denial to request a review. This request must be in writing and made to the Retirement Committee. If you wish, you (or your representative) may submit issues, comments, documents, records, and other information relating to your claim for benefits. You may also request, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim.

Your claim for review must be given a full and fair review that takes into account all comments, documents, records, and other information you submit relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination. A review of the denial should be made in writing by the Retirement Committee within 60 days (see the “NOTE” below), after your request is received. The decision should:

- be written in a manner you can easily understand.
- specify the Plan provisions upon which the decision is based.
- tell you the results of the review and include the specific reason for denial, if applicable.
- contain 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 for benefits.
- contain a statement describing any voluntary appeals procedures offered by the Plan, and a statement of your right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination.

If you do not receive a decision on your request for review within 60 days, and either you have not received notice of an extension, or the extension has expired, you can bring a civil action for the benefits under Section 502(a) of ERISA without waiting for a formal decision.

NOTE: The 90-day and 60-day deadlines may be extended under special circumstances. You will be told of the extension in writing before the end of the 90-day or 60-day period, as applicable. The extension notice will state why the extension is needed and the date you may expect a decision. The 90-day deadline may be extended for up to an additional 90 days. The 60-day deadline may be extended for up to an additional 60 days for a hearing or other special circumstances.

Appendix A: Procedures for Qualified Domestic Relations Orders

Pursuant to section 414(p) of the Internal Revenue Code of 1986, as amended (the Code) and section 206(d)(3) of the Employee Retirement Income Security Act of 1974, as amended (ERISA), the Salem Health Retirement Plan (the Plan) is required to make payments in accordance with Qualified Domestic Relations Orders (QDROs) relating to a participant in the Plan (Participant). The Code and ERISA require the Retirement Committee (the Committee), which is the Plan administrator, to establish reasonable procedures to determine the qualified status of Domestic Relations Orders (DROs) and to administer distributions under DROs the Committee determines to be QDROs. The Committee adopts these procedures pursuant to the 2002 restatement of the Plan:

ARTICLE 1

GENERAL PROCEDURES

1.1 Effective Date

These procedures shall be effective for DROs as defined in 1.2.2 received by the Committee on or after July 19, 2004.

1.2 Receipt; Notification

1.2.1 These procedures shall apply when the Committee receives a DRO by personal delivery, mail or other courier service.

1.2.2 A DRO is any judgment, decree, or order, including approval of a property settlement agreement, that is made pursuant to a state domestic relations, including community property, law and does both of the following:

(a) Assigns to an Alternate Payee defined in 1.2.4 the right to receive all or a portion of the benefits payable with respect to a Participant, or creates or recognizes the existence of such a right.

(b) Relates to the provision of child support, alimony payments or marital property rights to a Participant's spouse, former spouse, child or other dependent.

1.2.3 Promptly after a DRO has been received, the Committee shall send a notice of receipt and a copy of these procedures to the following persons:

(a) The Participant whose benefits are affected by the DRO, at the address specified in the DRO or, if none, at the last known address shown in the Plan's records.

(b) Any Alternate Payee named in the DRO, at the address specified in the DRO. If the DRO does not include such an address, the Committee may, but shall not be required to, give notice to the Alternate Payee at the last known address shown in the Plan's records.

(c) Any Alternate Payee named in any other QDRO, or any other DRO for which a final determination of qualified status has not yet been made, if the DRO affects

benefits awarded to the Alternate Payee under such other DRO. Notice shall be sent to the address specified in such other DRO, as modified by any more recent address given to the Committee by or on behalf of such other Alternate Payee.

1.2.4 “Alternate Payee” means any spouse, former spouse, child, or other dependent of a Participant who is recognized by a DRO as having the right to receive all or part of the Participant’s benefits.

1.2.5 An Alternate Payee may designate in writing to the Committee a representative to receive copies of notices that are sent to the Alternate Payee with respect to the DRO. If the DRO is received from an attorney representing the Participant or Alternate Payee, copies of notices shall be sent to such attorney without a formal designation until and including the notice of whether the DRO is qualified. The Committee may, in any event, send copies of notices to attorneys representing the Participant or Alternate Payee.

1.2.6 Subject to 1.5, receipt by the Committee of communications concerning a domestic relations proceeding or a DRO, whether or not in writing, shall have no effect on a Participant’s benefits or rights under the Plan, including the right to receive distributions in accordance with Plan terms, consistent with Committee practices. For this purpose, a draft DRO is not a DRO and shall have no effect.

1.3 Information Available to Persons Other Than Participants

1.3.1 The Committee shall make available on request these procedures, the Plan document, the summary plan description and summaries of material modifications for inspection by persons who are not Participants for the purpose of assisting them to prepare DROs. The Committee shall provide copies of such documents upon request, subject to payment of reasonable copying and delivery charges for copies of the Plan document.

1.3.2 Unless the Participant consents in writing or 1.3.3 applies, the Committee shall not provide information to anyone other than the Participant about the Participant or the Participant’s Plan benefits or related matters, other than identifying the Plan in which the Participant participates.

1.3.3 If the Committee receives a subpoena or other legal notice that the Committee determines is valid on its face and, by its terms, requires disclosure of information described in 1.3.2, the Committee shall take the following actions:

(a) Notify the Participant as soon as practicable of receipt of the subpoena and the approximate date on which the Committee intends to disclose the information.

(b) Disclose the requested information as near as practicable to the date specified to the Participant, unless the Committee has received written notice before that date that the subpoena or notice is no longer valid, or a proceeding challenging its validity is pending.

1.4 Determination of Qualified Status

1.4.1 Within a reasonable period after receiving a DRO, the Committee shall determine whether the DRO is a QDRO and give notice to each person described in 1.2.3 and 1.2.5. The notices of determination may be combined with the notice of receipt. A DRO is a QDRO if it complies with 1.4.2 and 1.4.3.

1.4.2 A DRO is a QDRO only if it clearly states all of the following:

- (a) Each Plan to which the DRO applies.
- (b) The name and last known mailing address of the Participant, unless that address is contained in the Plan's records.
- (c) The name and mailing address of each Alternate Payee.
- (d) The amount or percentage of the Participant's benefits to be paid to each Alternate Payee or how the amount or percentage is to be determined.

1.4.3 A DRO is not a QDRO if it requires the Plan to do any of the following:

- (a) Pay benefits in a form or at a time not provided under the Plan, except as provided in 1.4.4.
- (b) Pay benefits in an amount greater than the Participant's vested account at the time of distribution.
- (c) Pay benefits to an Alternate Payee that are to be paid to another Alternate Payee under a DRO previously determined to be a QDRO.

1.4.4 A QDRO may require payment of benefits to an Alternate Payee as soon as practicable after the DRO is determined to be qualified and the Alternate Payee's account is fully vested.

1.4.5 A determination on the qualified status of a DRO shall become final as follows:

- (a) If the parties notify the Committee in writing that they accept the determination, it shall be final on the date of receipt of the parties' notice, if that date is earlier than the date determined below.
- (b) If (a) does not apply, the Committee's determination shall become final 30 days after notice of the determination is given pursuant to 1.4.1, unless within such 30 days any of the following occurs:
 - (1) The Committee receives a request for review pursuant to 1.4.6.
 - (2) The Committee is notified in writing that an action or a proceeding seeking to overturn the determination has been filed in a court of competent jurisdiction. In that event, the determination will become final when a decision is entered by the highest court to which the issue is presented and the time for taking an appeal from such decision has expired.

(3) An order superseding the order approved by the Committee has been entered by a court of competent jurisdiction. In that event, the Committee's determination will be void, and the Committee will review the superseding order.

1.4.6 The Participant or an Alternate Payee under a DRO, or an attorney on their behalf, may request review by the Committee of the determination on the qualified status of the DRO. Subject to 1.4.5, the request shall be submitted and handled under the procedure for review of claims under the Plan.

1.5 Segregation of Benefits in Pay Status

1.5.1 This section shall apply to benefits that would be payable to an Alternate Payee under a DRO from the time notification is received pursuant to 1.2.1 until the date a determination of whether the DRO is a QDRO becomes final.

1.5.2 Pending final determination of a DRO's status as a QDRO, any amount awarded to an Alternate Payee under the DRO that otherwise would be currently payable to the Participant shall not be distributed to the Participant and shall be accounted for as follows:

- (a) The amount shall be segregated into a separate account in the trust through which the Plan is funded.
- (b) The account in (a) shall be credited with earnings, if any, attributable to the account.
- (c) The Committee may, but shall not be required to, direct that the account be invested separately in liquid, low-risk investments.

1.5.3 If the Committee makes a final determination within 18 months after the first date payment would be required under the DRO (the Review Period) that the DRO is a QDRO, the Committee shall direct payment of the amount segregated pursuant to 1.5.2 as provided in the QDRO.

1.5.4 The Committee shall direct payment of the amount segregated pursuant to 1.5.2 to those who would have been entitled to such amount in the absence of an order if either of the following applies:

- (a) The Committee makes a final determination within the Review Period in 1.5.3 that the DRO is not a QDRO.
- (b) The Committee has not made a final determination by the end of the Review Period in 1.5.3 as to whether the DRO is a QDRO and the standard in 1.8 has been met.

1.5.5 Any final determination of the qualified status of a DRO that is made after the end of the Review Period in 1.5.3 shall be applied prospectively only.

1.5.6 If no final determination of qualified status has been made by 12 months after the date a DRO is received pursuant to 1.2.1, the Committee shall consider steps to assure that a final determination is made promptly.

1.6 Status of Alternate Payee

1.6.1 An Alternate Payee under a DRO that is determined to be a QDRO shall be treated as a beneficiary under the Plan while a separate account is held for the Alternate Payee. During that period, the Committee will provide the Alternate Payee with a summary plan description and other notices under the Plan, including benefit statements, summary annual reports and summaries of material modifications, as appropriate. In addition, the Committee will give such an Alternate Payee Plan documents and annual reports, on written request and payment of any copying fee imposed by the Committee.

1.6.2 An Alternate Payee must submit an application in order to receive benefits, unless the Committee directs payment of benefits without an application.

1.6.3 Payment to an Alternate Payee who is the Participant's spouse or former spouse shall be reported as taxable income of the Alternate Payee. Payment to the estate of such an Alternate Payee shall be reported as taxable income of the estate. Payment to any other Alternate Payee shall be reported as taxable income of the Participant.

1.6.4 The recipient for tax purposes shall be given appropriate notices regarding federal income tax withholding and tax treatment of the distribution. The Alternate Payee shall be treated as receiving a pro rata share of the Participant's basis, if any, in benefits under the Plan.

1.7 DRO Review and QDRO Administration Fees

1.7.1 The Committee shall charge a fee of \$400 to review and comment on the qualified status of a DRO, as follows:

(a) The fee shall apply whether the DRO subject to review is a draft, a DRO entered by the court or any other form of DRO or draft DRO, and regardless of whether a draft DRO ever becomes a final DRO or QDRO.

(b) A separate fee shall apply to each participant whose Plan benefits are affected by an order. For example, if both parties are Plan participants and the Plan benefits of both participants are assigned, by a single order or by a separate order for each participant, the Committee shall, subject to (c) below, charge a fee of \$800 to review the order or orders.

(c) Subject to (d) below, a separate fee shall apply for each DRO or draft DRO subject to review by the Committee.

(d) If the Committee reviews a draft DRO that is superseded by a later draft DRO or final DRO, or if the Committee reviews a final DRO that is superseded by an amended draft or final DRO and the superseding order is not materially different

from its predecessors, as determined by the Committee, the Committee shall not charge an additional fee to review the superseding order.

(e) Subject to 1.7.3 below, the fee shall be taken pro rata from the investments in the account subject to the DRO, other than any note representing a participant loan from the account, before the account is assigned to the alternate payee.

1.7.2 In addition to any fee charged pursuant to 1.7.1 above, the Committee shall charge an additional fee to administer a QDRO that provides for adjustments to an alternate payee's account after the date of division of the participant's account, as follows:

(a) The fee shall be \$200 for each whole or partial year that the account is subject to adjustment.

(b) The fee shall apply to adjustments that include, but are not limited to, increases to the alternate payee's vested interest attributable to the participant's service after the date of division of the participant's account or assignment to alternate payee of any share of contributions that are allocated as of a date later than the date of division of the participant's account.

(c) Subject to 1.7.3 below, the fee shall be taken pro rata from the investments in the alternate payee's account or subaccount.

1.7.3 If an account subject to a fee pursuant to 1.7.1 or 1.7.2 above has insufficient liquid assets to pay the fee, the following rules shall apply:

(a) For fees assessed pursuant to 1.7.1 above, the Committee will not process the DRO but will send notice to the participant and putative or actual alternate payee at the addresses contained in the most recent DRO submitted to the Committee, either of whom may pay the fee by check payable to the Trustee delivered to the Committee within two weeks of the date of the Committee's notice.

(b) For fees assessed pursuant to 1.7.2 above, the Committee will not process the adjustment for any Plan year for which the account is insufficient, as of the first day of the Plan year, or for any later Plan year, but will give notice to the participant and alternate payee at the addresses contained in the most recent QDRO approved by the Committee regarding the parties, and either party may pay the fee by check payable to the Trustee delivered to the Committee within two weeks of the date of the Committee's notice.

1.8 Fiduciary Conduct

If the Committee exercises proper fiduciary care in following these procedures, the benefit payments made pursuant to the procedures shall discharge the obligations of the Plan.

1.9 Compliance with the Code and ERISA

These procedures are designed to meet the requirements of Code §414(p) and ERISA §206(d)(3) and shall be administered in a manner consistent with those requirements.

ARTICLE 2

ADMINISTRATION OF QDROS

2.1 Separate Account for Alternate Payee

2.1.1 The Committee shall fix the interest of an Alternate Payee under the Plan as a dollar amount and establish a separate account for the Alternate Payee when it makes a final determination that the DRO is a QDRO. The amount shall be based on division of the Participant's accounts as of the Plan valuation date on or next preceding the date specified for that purpose in the QDRO. If no date is specified, the amount shall be based on division of the Participant's accounts as of the Plan valuation date on or next preceding the date the Committee received the QDRO pursuant to 1.2.1.

2.1.2 Unless the QDRO explicitly provides otherwise, the Alternate Payee's account shall be created by charging each of the Participant's investment funds pro rata, subject to 2.1.3. Thereafter, the Alternate Payee may direct investment of the account to the same extent as beneficiaries entitled to benefits, and the account shall be adjusted for investment results the same as any such account.

2.1.3 Unless the QDRO explicitly provides otherwise, the Alternate Payee's account shall be vested in the same proportion as the Participant's account. Any unvested portion of the separate account shall be subject to forfeiture and restoration under the regular rules of the Plan based on the service of the Participant.

2.2 Time and Form of Distribution

2.2.1 To the extent not inconsistent with the QDRO, the Committee shall direct payment of the separate account to or on behalf of the Alternate Payee in a single sum as soon as practicable after the DRO is determined to be qualified and the Alternate Payee's account is fully vested.

2.2.2 Subject to 2.2.3 and 2.4, if the QDRO specifies a time of payment pursuant to 1.4.4 and distribution has not been made or begun before the specified time, distribution shall be made or begin as near as practicable to the date specified in the QDRO.

2.2.3 The vested portion of the Alternate Payee's account shall be distributed to the Alternate Payee as soon as practicable after payment is made or begins to the Participant, unless distribution has been made before that time.

2.2.4 The Alternate Payee's account may be distributed in any form available to Plan participants, other than a joint and survivor annuity for the Alternate Payee and a subsequent spouse. The account shall be paid in the form specified in the QDRO, or selected by the Alternate Payee, if the QDRO so permits. If the QDRO does not specify either a form of payment or a procedure for determining such form, the Committee shall direct payment in a single sum.

2.3 Distribution to Participant

The portion of the Participant's account not affected by the Alternate Payee's interest shall be distributed under the regular rules of the Plan. Unless the QDRO explicitly provides otherwise, the consent of the Alternate Payee shall not be required for a distribution of or designation of a beneficiary for such remaining account. A designation of the Alternate Payee as the Participant's "surviving spouse" shall not by itself be sufficient to require the Alternate Payee's consent to the Participant's application for distribution or designation of a beneficiary.

2.4 Death of Participant or Alternate Payee

2.4.1 On the death of the Participant, the Alternate Payee's account shall be paid to the Alternate Payee in a single sum, if payment to the Alternate Payee had not previously been made or begun.

2.4.2 On the death of the Alternate Payee, the Alternate Payee's account shall be held or distributed as follows:

- (a) If the QDRO provides for payment to other Alternate Payees, the account shall be held and paid to such Alternate Payees at the time determined pursuant to 2.2.
- (b) If the QDRO explicitly provides that the Alternate Payee's rights lapse at death, the account shall be combined with the Participant's account and distributed under the regular rules of the Plan.
- (c) If (a) and (b) do not apply, the account shall be paid to the Alternate Payee's estate in a single sum as soon as practicable after the Committee learns of the Alternate Payee's death and locates the personal representative of the Alternate Payee's estate.