

# Dallas County Hospital District Retirement Income Plan

## Summary Plan Description

**Si usted tiene preguntas acerca del plan, por favor llame al Centro de Servicios de Beneficios al 1-800-995-2608. Los representantes que hablan español están a su servicio.**

Life has a way of rushing by — before you know it tomorrow is yesterday.

That's why it's so important to have a source of retirement income to make financial security more than a dream. As an employee of Parkland Health and Hospital System ("Parkland") or a participating affiliated employer, you have a real advantage. The Dallas County Hospital District Retirement Income Plan ("Retirement Income Plan") offers an opportunity to build lifetime retirement benefits. In benefiting you, the Retirement Income Plan also benefits your family.

This brochure is a summary of the Retirement Income Plan. It describes the retirement benefits offered by the Retirement Income Plan. Some special terms are used throughout this brochure. They are capitalized each time they are used. You will need to know the meaning of these terms to understand the Retirement Income Plan. Each of these terms has been defined in a *Glossary*, which is the last section of this brochure.

It is Parkland's hope that the Retirement Income Plan will provide you with an added feeling of security for the future.

*The information included in this brochure serves as a Summary Plan Description of the provisions of the Dallas County Hospital District Retirement Income Plan that were in effect as of January 1, 2018. A complete description, found in the legal documents, can be obtained from the Parkland Benefits Department. If there are any differences between the information in this Summary Plan Description and the actual provisions of the Retirement Income Plan as reflected in the plan and trust agreements, the plan and trust agreements will govern.*

## Eligibility and Participation

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***You are covered by the Retirement Income Plan, and are eligible to participate immediately, if you are an active full-time employee of Parkland.***

However, you are not covered by the Retirement Income Plan if you are:

- A part-time, seasonal, or temporary employee
- An employee covered under a collectively bargained agreement
- A leased employee
- An independent contractor
- An employee of an affiliated employer that has not adopted the plan

## Naming Your Beneficiary

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Your beneficiary is the person or persons whom you want to receive your plan benefits in the event of your death. If you are married, your spouse is automatically your beneficiary.

You may designate your beneficiary, or change a prior beneficiary designation, online through the PeopleSoft Self-Service System. Access the PeopleSoft site from the Intranet at <https://hr.pmh.org/psp/pshr/?cmd=login&languageCd=ENG&>.

You may change your beneficiary as often as you wish. If you do not designate a beneficiary, or if your designated beneficiary is not living when you die, your beneficiary will be determined as follows:

- First, your surviving spouse;
- Then, your surviving descendants *per stirpes*;
- Then, your parents, in equal shares;
- Then, your brothers and sisters in equal shares; and
- Then, your estate.

***Generally, your spouse must be married to you for at least one year prior to your death to qualify as a “surviving spouse.”***

Please call the Benefits Service Center for more detail regarding determination of beneficiary if you do not elect one.

## **Plan Participation After Reemployment**

If you leave Parkland and are later reemployed as an active full-time employee, you are eligible to participate in the Retirement Income Plan immediately upon your return. However, if you were not vested at the time you left, your prior service will not count when you return for determining your vesting and benefit accruals after you return.

Certain exceptions may apply. Refer to the “Return of Employee Contributions” section below for special rules regarding how your prior service may be reinstated if you were not vested at the time you left, and you are later reemployed before receiving a refund of your own employee contributions.

Please see the Parkland Benefits Department for more information.

## **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 your rights to continue to accrue service if you return to work within the time periods set forth in USERRA. If you think this may apply to you, see the Parkland Benefits Department for more information.

## **Account Access**

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### **Internet Access: [MillimanBenefits.com](http://MillimanBenefits.com)**

- Access to your Parkland Retirement Income Plan information is always at your fingertips. Through **MillimanBenefits.com**, you can get up-to-date information on your accrued benefit, request forms, initiate a web chat or email exchange with a Milliman Benefits Service Representative, and have access to state-of-the-art retirement planning tools.

### **Toll-free Telephone Hotline: 1-800-995-2608**

Through our convenient toll-free telephone hotline, available seven days a week, you can get many of the same types of information and conduct the same transactions as through our Internet website.

### **Benefits Service Center**

When you have a question and cannot find the answer on the telephone hotline menu, follow the prompts to speak with a Benefits Service Representative. Representatives are available Monday through Friday from 7:00AM until 7:00PM Central Time.

## Internet and Telephone Hotline Security

To ensure that only you can access your account information, a security system requires your Social Security number and personal identification number (PIN) or password.

**Hotline PIN:** Prior to initiating any transactions, you must request a temporary PIN through the Telephone Hotline system. This temporary PIN may be received via text message, email, or mail to a mobile phone, email address or mailing address that is on record and associated with your account. For your security and protection, you must change your temporary PIN to a permanent one before it expires.

**Internet Username and Password:** The login process at MillimanBenefits.com is designed to protect access to your retirement account information. The steps you will take to log on depend upon whether you are a new user or have already visited the website. To get started, go to MillimanBenefits.com. You can access the website in either English or Spanish. When you log on to **MillimanBenefits.com** for the first time, click on “New User” and follow the prompts to register your account. If you have previously registered, enter your Username and Password to log in and follow the prompts to access your account. For security purposes, you may be asked to provide additional information. If you do not remember your Username or Password, click on “Login Help?” and follow the prompts to access your account.

Using your PIN and/or password has the *force of signature*. This means transactions requested through the telephone hotline or Internet are legally binding — as if you had personally signed the request.

For your protection, **MillimanBenefits.com** is a secure website. However, to ensure that *only you* have access to your information, always select *Log Off* when exiting the system.

## Benefit Estimates

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When you log on to **MillimanBenefits.com**, you can use the retirement planning tools to estimate or project your retirement benefit under the Retirement Income Plan. Keep in mind that these are only estimates based on assumptions that can change before you actually retire. When you are ready to retire, a certified calculation will be prepared for you.

## Contributions to the Plan

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The benefits under the Retirement Income Plan are provided from contributions that both you and Parkland make. You automatically contribute, through payroll deduction, 6.2% of your base pay on a before-tax basis toward funding your plan benefits. For this purpose, base pay includes your before-tax contributions to this and any other Parkland benefit plans, but does not include bonuses, over-time pay, severance pay, shift differential premiums, accrued paid time off (PTO) pay while on an authorized leave of absence, or pay during any period you are not an active full-time employee.

There is an upper limit that the IRS places on considered annual pay for plan purposes. For 2019, the applicable annual pay limit is \$280,000. The IRS annual pay limit is increased periodically for cost-of-living adjustments.

*Due to historical changes in the law, this pay limit does not apply to you in computing your Retirement Income Plan benefits if you were a participant in the plan before January 1, 1996.*

Parkland contributes all additional amounts needed to provide your plan benefits. The amount that Parkland contributes to the plan's trust fund each year is determined by the plan's actuary. Parkland intends, but does not guarantee, to contribute yearly to ensure that adequate funds are accumulated to provide your retirement benefits.

Your contributions and Parkland's contributions are paid to the trustee to be invested in a trust fund that has been set up solely for the plan participants. There are important reasons for using a trust fund. Once contributions are made to the trust fund, for example, the trust fund assets must be used for the exclusive benefit of plan participants or their beneficiaries. Tax advantages are another good reason to use a trust fund. Although investments are being accumulated to provide you a future benefit, you owe no income tax on these investments until you actually receive benefits from the plan. Also, the trust fund pays no taxes on the income that it earns or on any gains in the market value of its investments.

## **Limitations on Benefits**

The Internal Revenue Service has imposed specific limitations on the maximum annual benefit payable under a defined benefit retirement plan. The maximum annual benefit in the case of a governmental plan, such as the Retirement Income Plan, is \$225,000 for 2019, with no additional limitation as a percentage of your average pay. This dollar limit is increased periodically for cost-of-living adjustments.

## **In-service Withdrawals**

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The Retirement Income Plan does not provide for in-service withdrawals.

## **Benefit Payments from the Plan**

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You are eligible to receive a normal retirement benefit if you retire on or after your normal retirement date. Your normal retirement date is the first day of the month that coincides with or next follows the date on which you attain normal retirement age. Normal retirement age is the later of: your 65th birthday, or your fifth anniversary of employment with Parkland.

## Normal Retirement Benefit

Your normal retirement benefit is a monthly pension benefit commencing on your normal retirement date, payable for your lifetime (Lifetime Only form of payment). The amount of your normal retirement benefit is the greater of (A) or (B) below:

(A) The sum of:

1.25% of your Final Average Monthly Pay  
*multiplied by*  
your Years of Service accrued prior to January 1, 1982  
PLUS  
2.50% of your Final Average Monthly Pay  
*multiplied by*  
your Years of Service accrued after December 31, 1981

However, this amount cannot exceed 60% of your Final Average Monthly Pay.

OR

(B) The sum of:

4.0% of your Final Average Monthly Pay up to \$833.33\*  
*multiplied by*  
your Years of Service (capped at 25 years)  
PLUS  
2.0% of your Final Average Monthly Pay (if any) between \$833.33\* and  
\$2,500\*  
*multiplied by*  
your Years of Service (capped at 25 years)

\* The \$833.33 and \$2,500 amounts are indexed to the annual increases in the Social Security taxable wage base and will increase at the same rate, but not by more than 3% per year.

Special rules apply to determine your normal retirement benefit if you terminate your employment but are reemployed by Parkland as an active full-time employee after you begin receiving benefits under the Retirement Income Plan. Please call the telephone hotline for more information.

***Refer to the “Form of Monthly Pension Benefit” section below for a list of the Retirement Income Plan’s available forms of benefit payment, including a description of each.***

***Refer to the Appendix at the end of this brochure for an example of how to compute your retirement income if you work until your normal retirement age.***

## **Accrued Benefit**

Your accrued benefit is that portion of your normal retirement benefit (payable as a lifetime only annuity commencing at your normal retirement date), which is earned or “accrued” as of any given date. As of any given date, your accrued benefit is calculated using the same formula that is used to calculate the monthly pension benefit you would receive at your normal retirement date, considering your Years of Service and Final Average Monthly Pay **only** through the date of determination.

Your accrued benefit will not be less than the benefit that could be provided by your own accumulated employee contributions.

***Refer to the Glossary for the definitions of Years of Service and Final Average Monthly Pay.***

***Refer to the Appendix at the end of this brochure for an example of how to compute your accrued benefit prior to your normal retirement age.***

## **Postponed Retirement (Retirement After Normal Retirement Date)**

If you work beyond your normal retirement date, your retirement benefit payments will not begin until the first day of the month that coincides with or next follows the day you actually retire.

Your postponed retirement benefit will be based on your normal retirement benefit calculated using your Years of Service and Final Average Monthly Pay as of your postponed retirement date.

## **Early Retirement (Retirement before Normal Retirement Date)**

You may retire on the first day of any month before age 65 if:

- (1) You have completed at least five (5) Years of Vesting Service, and
- (2) You have reached age 55.

If you qualify for and elect early retirement, you will be entitled to receive a reduced retirement benefit. Your retirement benefit will begin on your normal retirement date in an amount equal to your accrued benefit at your early retirement date, unless you elect an earlier commencement date. You may choose for your payments to begin as of the first of any month between your early retirement date and your normal retirement date. Your election for earlier commencement must be in writing and must be filed with the plan administrator at least 60 days in advance.

If you elect an earlier commencement of your early retirement benefit, your benefit will be further reduced to reflect the earlier commencement of payments, and will be equal to:

Your accrued benefit earned at your early retirement date;

*multiplied by*

The early retirement reduction factor from the table below.

Your Age When Early Retirement Benefits Start	Early Retirement Reduction Factors	
	If you terminated employment on or after age 55	If you terminated employment before age 55
(1)	(2)	(3)
65	100.00%	100.00%
64	93.33%	88.86%
63	86.67%	79.21%
62	80.00%	70.80%
61	73.33%	63.45%
60	66.67%	57.00%
59	63.33%	51.32%
58	60.00%	46.30%
57	56.67%	41.85%
56	53.33%	37.90%
55	50.00%	34.38%

*Refer to the Appendix at the end of this brochure for an example of how to compute your early retirement benefit.*

### **Disability Retirement (Vested Terminated Participants Only)**

If you are a vested terminated participant in the Retirement Income Plan, you will be eligible for a monthly disability benefit if you become totally and permanently disabled after your employment with Parkland ends, but prior to reaching age 55. In such case, your monthly disability benefit may commence as of the first day of the month coinciding with or next following your disability (or when you apply for disability, if later).

*Refer to the “Deferred Pension Upon Termination of Employment” section below for more information on becoming a vested terminated participant.*

In order to qualify for a disability retirement benefit under the Retirement Income Plan, you must have a condition that in the opinion of the plan administrator:

- Prevents you from performing any substantial gainful activity; and
- Such disability is likely to be both continuous and permanent.

The plan administrator will determine whether you have a sickness or injury that qualifies you to receive, or continue to receive, disability benefits under the Retirement Income Plan. You may be required to furnish satisfactory proof of your disability on a periodic basis. This proof may include a certificate from a duly licensed physician selected or approved by the plan administrator.

Your disability retirement benefit is an early retirement benefit that has been further actuarially reduced for commencement prior to age 55.

## Vesting Schedule

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You earn ownership of your retirement benefit through service with Parkland. The process of building ownership rights is called vesting. Your vesting percentage is determined under the following table.

Years of Vesting Service	Vesting Percentage
Less than 5 years	0%
5 years or more *	100%

*\* Effective January 1, 2007, the preceding vesting schedule does not apply to you if you are classified by Parkland as "House Staff," unless you completed 5 or more Years of Vesting Service before that time. Instead, you must complete 7 Years of Vesting Service while classified as House Staff to achieve 100% vesting.*

If your employment ends before you complete 5 Years of Vesting Service (or 7 Years of Vesting Service if you are House Staff), you will not be eligible to receive any benefits from the Retirement Income Plan, other than your own contributions. (See the "Return of Employee Contributions" section below for more information.)

***You will always be 100% vested at your early or normal retirement date.***

***You are always 100% vested in a return of your own accumulated employee contributions.***

## Deferred Pension Upon Termination of Employment

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In the event that your employment ends for any reason other than for retirement (normal, postponed or early), you may be eligible to receive a retirement benefit from the Retirement Income Plan when you reach your normal retirement date, provided you have at least 5 Years of Vesting Service (or 7 Years of Vesting Service if you are House Staff). Satisfying these conditions is referred to as being a "vested terminated participant".

The amount of your retirement benefit will be equal to your vested accrued benefit, calculated as of the date of your separation from employment.

If you qualify for a retirement benefit, the commencement of the payment of your retirement benefit will normally be deferred until your normal retirement date. However, you may qualify to have payments begin:

- As early as age 55 in a reduced amount, using the early retirement reduction factors explained above, to reflect the earlier commencement of payments; or
- Before age 55 in a reduced amount, using the early retirement reduction factors explained above, to reflect commencement of payments before age 65, then further actuarially reduced for commencement before age 55, but only if you become totally and permanently disabled after you terminate employment with Parkland.

The plan administrator will provide you with the applicable options from which you may select.

## **Return of Employee Contributions**

If you leave Parkland before completing 5 Years of Vesting Service (or 7 Years of Vesting Service if you are House Staff), you will receive a refund of your accumulated employee contributions. No other benefits will be paid from the Retirement Income Plan. The refund will be paid in a lump sum as soon as administratively practicable after your termination of service. The refund will be reduced by the amount of any contractual financial obligation you may owe to Parkland at the time you leave, if so authorized in the contract, with any such reduction occurring immediately following your date of termination.

You will have the option to elect whether to receive the distribution or to roll over the distribution to another eligible retirement plan or an IRA. Prior to the time of your distribution, you will be provided with further information regarding your distribution rights.

If you do not make an election within the specified time period either to receive the distribution or to roll over the distribution, then the plan administrator may make a cash-out distribution of your lump sum payment without your request or consent. If the amount of the cash-out distribution is more than \$1,000, it must be automatically rolled over to an IRA. The IRA provider will invest the rollover funds in a type of investment designed to preserve principal and provide a reasonable rate of return and liquidity (e.g., an interest-bearing account, a certificate of deposit or a money market fund). The IRA provider will charge your account for any expenses associated with the establishment and maintenance of the IRA and with the IRA investments. You may transfer the IRA funds at any time to any other IRA you choose.

If you are reemployed prior to the distribution date, your service prior to termination will be reinstated and no refund will be made.

## **Death Benefits**

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You may qualify for death benefits under the circumstances described in this section. However, special rules apply if you die while still working at Parkland beyond your normal retirement date, depending on whether you already elected an optional form of payment.

Please call the telephone hotline for more information.

### **Pre-Retirement Death Benefit**

#### ***Surviving Spouse's Death Benefit***

If you die before you begin receiving a retirement benefit (either while still working at Parkland or after leaving Parkland), but after you have completed 5 Years of Vesting Service (or 7 Years of Vesting Service if you are House Staff), your surviving spouse is entitled to receive a death benefit. For purposes of determining the amount of the surviving spouse's death benefit, if you die while still working at Parkland, your date of death will be treated as your date of termination of employment for a reason other than death.

Your surviving spouse is entitled to receive a death benefit equal to 100% of the monthly pension benefit you would have received if you had survived and began receiving your monthly pension benefit in the form of a 100% Contingent Annuity as of the later of:

- Age 55, or
- The first day of the month coinciding with or next following your presumed retirement date (your date of death).

Your surviving spouse's death benefit will begin on the later of the two dates described above, provided your spouse is then living. Monthly payments will continue to your spouse until his or her death.

In no event will the amount of the death benefit payable to your surviving spouse (or beneficiary if there is no surviving spouse) be less than the Actuarial Equivalent of your accumulated employee contributions.

***Refer to the definition of "Actuarial Equivalent" in the Glossary at the end of this brochure for more information on how actuarially equivalent benefits are determined.***

***Generally, your spouse must be married to you for at least one year prior to your death to qualify as a "surviving spouse."***

#### ***Dependent Child's Death Benefit***

If you die before you begin receiving a retirement benefit (either while still working at Parkland or after leaving Parkland), but after you have completed 5 Years of Vesting Service (or 7 Years of Vesting Service if you are House Staff), your dependent child is entitled to receive a death benefit. For purposes of eligibility for the dependent child's death benefit, a dependent child is one who is unmarried, is under age 19 and is deemed to be dependent on you at the time of your death. Your child is deemed to be dependent on you, if at the time of your death:

- You were living with or contributing to the support of your child.
- Your child is either your legitimate or adopted child.
- Your child has not been adopted by someone else.
- You were the child's stepparent and he or she lived with you or received at least one-half of his or her support from you.

The amount of your dependent child's death benefit will be equal to 75% of the amount of the surviving spouse's death benefit described above. If you do not have a surviving spouse, the amount of your dependent child's death benefit will be equal to 75% of an "assumed" surviving spouse's death benefit, with the assumed surviving spouse being the same age as you.

Your dependent child's death benefit will begin on the first day of the month following your death, provided your child is then living. Monthly payments will continue to your child until he or she either reaches age 19 or no longer meets the other requirements to be considered a dependent child set forth above.

### ***Other Death Benefit***

If you do not qualify for a surviving spouse's death benefit, a lump sum death benefit equal to a refund of your accumulated employee contributions will be paid to your beneficiary as soon as administratively practicable.

Situations in which you would not qualify for a surviving spouse's death benefit include:

- You die before you have completed 5 Years of Vesting Service (or 7 Years of Vesting Service if you are House Staff).
- You die after you have completed 5 Years of Vesting Service (or 7 Years of Vesting Service if you are House Staff), but you do not have a surviving spouse when you die.

### **Post-Retirement Death Benefit**

If you die after you begin receiving a monthly retirement benefit, whether or not a survivor benefit will be paid to your spouse or designated beneficiary will generally be determined in accordance with the form in which your monthly benefit is being paid from the Retirement Income Plan.

***Refer to the section immediately following for a list of the Retirement Income Plan's available forms of benefit payment, including a description of each.***

## **Form of Monthly Pension Benefit**

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If you do not make a timely written election of one of the optional forms of payment, then your retirement income will be paid in what is called "the normal form." The normal form is the usual way your retirement benefits will be paid as specified in the legal plan document. The normal form is different depending on whether you are single or married at the date your retirement payments begin.

Retirement benefits calculated under the Retirement Income Plan's benefit formula are expressed in terms of the Lifetime Only form of payment described below. All other optional forms of payment are actuarially equivalent to the Lifetime Only form of payment. The actuarial adjustment is necessary so that the total value of your expected retirement income, determined at the time your payments begin, is the same, or "equivalent," no matter which form you choose.

The forms of payment available to you for payment of your retirement income from which you may select are described below. Keep in mind these are your available payment options when you are eligible to retire and begin receiving monthly retirement benefits under the plan's terms. Any of the options below that provide for a continuing benefit following your death are payable as post-retirement death benefits as explained in the immediately preceding section above. If you die before

you begin receiving a retirement benefit, the pre-retirement death benefit provisions described in the prior section would apply instead.

### **Lifetime Only Option**

This is the normal benefit form for unmarried participants. This option provides a monthly retirement income payable for your lifetime only. Payments stop when you die. Generally, you will receive the largest monthly benefit under this form of payment, but no benefits are payable to any beneficiary upon your death.

### **Certain and Continuous Option**

This option provides a reduced monthly retirement income payable for your lifetime, but with a minimum number of payments guaranteed. The guaranteed period will be 5, 10 or 15 years (whichever you elect). If you should die before the end of the guaranteed period, your payments will continue to your beneficiary through the end of the guaranteed period.

### **Contingent Annuitant Option**

This option provides a modified monthly retirement income payable during your lifetime, and upon your death, if your spouse or specified beneficiary survives you, a monthly income of 50%, 66-2/3% or 100% (whichever you elect) of the amount paid to you before your death continues to your spouse or specified beneficiary for the rest of his or her life.

The 50% contingent annuitant option, with your spouse as contingent annuitant, is the normal benefit form for married participants.

If you die after you begin receiving a monthly retirement benefit, whether or not a survivor benefit will be paid to your spouse or designated beneficiary will generally be determined in accordance with the form in which your monthly benefit is being paid from the Retirement Income Plan.

*Although you may change your election at any time before your payments begin, you are not permitted to change your election after your payments begin.*

*You should notify the plan administrator of your impending retirement as far in advance as possible of your expected date of retirement. The plan administrator will furnish you with an application form to select a form of payment for your retirement benefits. This application will provide you with both an explanation and the exact dollar amount of each alternative form of payment that applies to you.*

<p><b>Due to the complexities of income tax laws, you should consult a professional tax adviser before your distributions begin from the Retirement Income Plan.</b></p>
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## General Information

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**Name of Plan:** Dallas County Hospital District Retirement Income Plan

### Type of Plan

The Retirement Income Plan is a defined benefit pension plan that is intended to qualify for favorable tax treatment under Internal Revenue Code Section 401(a) as maintained by a governmental entity within the meaning of Code Section 414(d).

### Effective Date

The original effective date of the Dallas County Hospital District Retirement Income Plan was January 1, 1982. The plan is periodically revised and updated to comply with new laws and design changes. As of the date of publication of this brochure, the plan was most recently revised effective January 1, 2018.

### Plan Sponsor

The Retirement Income Plan is sponsored and maintained by:

Parkland Health & Hospital System  
5201 Harry Hines Blvd.  
Dallas, TX 75235  
(214) 590-8330

### Plan Administrator

The plan administrator is the Administrative Committee on Employee Trust Funds. This committee is responsible for the operation and administration of the Retirement Income 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 plan administrator 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 plan administrator or on the plan's trustee. If for any reason you wish to contact the plan administrator, you may do so at the following address:

The Administrative Committee on Employee Trust Funds  
5201 Harry Hines Blvd.  
Dallas, TX 75235  
(214) 590-8330

Although Parkland is responsible for the administration of the plan, Milliman, Inc. has been retained to assist in the Retirement Income Plan administration. Milliman is responsible for the recordkeeping, accounting, toll-free telephone and web access features of the Retirement Income Plan.

## **Funding**

Plan assets are held under the Trust Agreement. Under this Agreement, the funds are held and invested by the trustee. All contributions are paid into and all benefits are paid from the trust fund.

## **Trustee**

The trustee for the Retirement Income Plan, Mellon Bank, NA, is responsible for the trust and the investment of assets of the trust. The trustee is subject to strict rules concerning the administration of the funds and their investments to assure — as much as possible — that the funds are handled with care, skill, prudence and diligence for the good of all participants in the Retirement Income Plan. You may contact the trustee at the following address:

Mellon Bank, NA c/o Parkland Hospital Benefits Department 5201 Harry Hines Blvd. Dallas, TX 75235 (214) 590-8330
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## **Participating Employers**

A complete list of participating employers in the Retirement Income Plan may be obtained by participants and beneficiaries upon written request to the plan administrator.

## **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.

## **Future of the Plan**

Parkland hopes and expects to continue the Retirement Income Plan indefinitely, but reserves the right to amend, modify, suspend or terminate the plan at any time for any reason.

If the plan is terminated, affected participants will become fully vested in the plan benefits they have earned as of the date of plan termination. However, benefits will be provided only by the assets of the Retirement Income Plan's trust fund at the time of plan termination, and no further contributions will be made. If the assets are not sufficient to provide all of the benefits under the plan that have been earned at the time of plan termination, the available assets will be liquidated and allocated in the following manner:

First, an amount that will provide each active, retired or terminated participant, and each surviving spouse or beneficiary of a deceased participant, the present value of the portion, if any, of such individual's accrued benefit derived from the participant's own accumulated employee contributions to the Retirement Income Plan. The allocations specified below will exclude any portion thereof attributable to the participant's own accumulated employee contributions to the plan.

Second, an amount that will provide retirement income to those participants (or their spouses or beneficiaries) who have been receiving benefit payments for at least three years before the plan termination date, including those participants who could have been receiving payments for at least three years but chose to defer their retirement past their early or normal retirement date. This amount will be based on Retirement Income Plan provisions in effect five years before the date of plan termination.

Third, an amount that will provide all other vested benefits payable under the Retirement Income Plan as of the date of plan termination.

Fourth, an amount that will provide all other benefits for participants who were not already vested as of the date of plan termination.

If any surplus assets remain after all of the benefits allocated in the preceding manner have been paid in full, the surplus will be refunded to Parkland.

Benefits under the Retirement Income Plan are not insured by the Pension Benefit Guaranty Corporation (PBGC), a federal government agency which insures pension plans. The Retirement Income Plan is not insured by the PBGC because, as a plan maintained by a governmental entity, it is exempt from this requirement.

### **No Guarantee of Employment**

This plan does not constitute an employment contract between you and Parkland. It does not guarantee you the right to be continued in Parkland's employment, nor does it limit Parkland'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.

### **Notification of Address**

You should notify Parkland's Human Resource Records Department of any change in your address. This will help ensure proper receipt of any Retirement Income Plan-related mailings.

## Nontransferability of Benefits

Your benefits under the Retirement Income Plan may not be alienated; that is, sold, used as collateral for a loan, 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 Retirement Income 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 administrator will review a *domestic relations order* (a decree or order issued by a court that obligates you to pay child support or alimony, or otherwise allocates a portion of your benefits under the Retirement Income Plan to your spouse, former spouse, or child) to determine its validity. If the plan administrator finds that the domestic relations order applies to your plan benefits, all or a portion of your benefits may be used to satisfy the obligation. You will be advised of the plan administrator's findings.

You and your beneficiaries may obtain a copy of the plan's domestic relations order procedures, without charge, by contacting the plan administrator.

## Reviewing Denied Claims

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

- (a) the plan administrator does not believe a participant is entitled to a benefit; or
- (b) the plan administrator disagrees with the amount of benefit to which the participant believes he or she is entitled.

If this happens to you, the plan administrator should notify you in writing of the reasons for the denial within 60 days of the date you make your claim. The notice of denial should:

- explain the specific reason why your claim for benefits is being denied, and specify the Retirement Income 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.

If you don't receive notice of denial from the plan administrator within 120 days, the claim will be deemed denied for purposes of permitting you to proceed to the review stage.

## Review of Denial

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 may be made to the plan administrator. 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 plan administrator within 60 days after your request is received. The decision should:

- be written in a manner you can easily understand.
- specify the Retirement Income 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 Retirement Income Plan.

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

## Glossary

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Some special terms have been used throughout this booklet. They were capitalized each time they were used. You need to know their meaning to understand the Retirement Income Plan. Some of these terms were defined as they were introduced in the text. Others are defined below.

### Actuarial Equivalent

Actuarial Equivalent means a form of benefit differing in time, period and/or manner of payment from another form of benefit, but having the same value when computed based upon the following interest and mortality assumptions:

<i>Interest Rate:</i>	8.25%
<i>Mortality:</i>	1983 Group Annuity Mortality Table (blended with mortality rates being 75% female and 25% male)

### Final Average Monthly Pay

The amount of your retirement income at any time (your accrued benefit) is based on your Years of Service and your Final Average Monthly Pay.

Your Final Average Monthly Pay will usually be equal to your average monthly earnings during the last five completed calendar years of your employment with Parkland. However, if your average monthly pay for any five consecutive calendar years out of the last ten years is larger than your average for the last five calendar years, the larger average will be used.

While this calculation includes only completed calendar years of employment (i.e., employment with Parkland for the entire calendar year), partial years may be included under certain circumstances. If your employment with Parkland ends after September 1, 2008, and your service with Parkland includes a partial calendar year due to initial employment, reemployment, retirement, termination of employment or authorized leave of absence, then that partial year will be treated and included as a completed calendar year if it produces a higher Final Average Monthly Pay calculation.

Your earnings for figuring your Final Average Monthly Pay are your base pay, which includes your before-tax contributions to the Retirement Income Plan, the Parkland Supplemental Retirement Plan and other Parkland benefit plans, but does not include bonuses, over-time pay, severance pay, shift differential premiums, accrued paid time off (PTO) pay while on an authorized leave of absence, or pay during any period you are not an active full-time employee.

Your Final Average Monthly Pay is then figured by adding up your included earnings during the applicable five-year period, and then dividing by the total number of months in that period.

There is an upper limit that the IRS places on considered annual pay for plan purposes. For 2019, the applicable annual pay limit is \$280,000. The IRS annual pay limit is increased periodically for cost-of-living adjustments.

*Due to historical changes in the law, this pay limit does not apply to you in computing your Retirement Income Plan benefits if you were a participant in the plan before January 1, 1996.*

## **Years of Service**

- **In General**

Your Years of Service include all of your service with Parkland from the time you first become an active full-time employee until the time you retire or otherwise terminate. Military service leaves are included as service.

***Years of Service do not include:***

- Authorized leaves of absence (whether paid or unpaid).
- Periods during which you are not an active full-time employee.
- Service before 1988 if you were hired before 1988 at age 60 or older.
- Service before July 1, 1991 if you were classified as House Staff before that date.

- **For Vesting Purposes**

Years of Service, for purposes of computing your vesting percentage, are referred to as Years of Vesting Service. Only ***full*** Years of Service are recognized for vesting purposes.

## Appendix

### **Example of How To Compute Your Retirement Income If You Work Until Your Normal Retirement Age**

The amount of your retirement income will be the greater of the amount determined under Formula A or Formula B below.

This example assumes a 65 year-old employee who retires on December 31, 2011 with 35 years of service.

<b><u>Formula A</u></b>	Example	Use This Column for Estimating Your Benefit
1A. Enter your Final Average Monthly Pay at date of termination.	\$ 5,000.00	_____
2A. Multiply 0.0125 by the amount in line 1A.	\$ 62.50	_____
3A. Enter your Years of Service which were accrued prior to January 1, 1982.	5.000	_____
4A. Retirement Income at Normal Retirement Date due to service prior to January 1, 1982 (equals line 2A multiplied by line 3A).	\$ 312.50	_____
5A. Multiply 0.025 by the amount in line 1A.	\$ 125.00	_____
6A. Enter your Years of Service at Normal Retirement Date which were accrued after December 31, 1981.	30.000	_____
7A. Retirement Income at Normal Retirement Date due to service accrued after December 31, 1981 (equals line 5A multiplied by line 6A).	\$ 3,750.00	_____
8A. Total Retirement Income at Normal Retirement Date (equals line 4A plus line 7A).	\$ 4,062.50	_____
9A. Maximum Retirement Income under Formula A (equals 0.60 multiplied by line 1A).	\$ 3,000.00	_____
10A. Normal Retirement Income under Formula A (equals the lesser of line 8A or line 9A).	\$ 3,000.00	_____

<b><u>Formula B</u></b>	Example	Use This Column for Estimating Your Benefit
1B. Enter the <u>lesser</u> of your Final Average Monthly Pay at date of termination or \$2,500.	\$ 2,500.00	_____
2B. If line 1B is greater than \$833.33, enter \$833.33. Otherwise, enter the amount in line 1B.	\$ 833.33	_____
3B. Multiply .04 by the amount in line 2B.	\$ 33.33	_____
4B. Enter your total Years of Service.	35.000	_____

5B. Enter the <u>lesser</u> of line 4B or 25,000.	25,000	_____
6B. Retirement Income at Normal Retirement Date due to your first \$833.33 of Final Average Monthly Pay (equals line 3B multiplied by line 5B).	\$ 833.33	_____
7B. Enter the amount of your Final Average Monthly Pay (if any) above \$833.33, but not above \$2,500 (subtract line 2B from line 1B).	\$ 1,666.67	_____
8B. Multiply .02 by the amount in line 7B.	\$ 33.33	_____
9B. Retirement Income at Normal Retirement Date due to your Final Average Monthly Pay above \$833.33, but not above \$2,500 (equals line 8B multiplied by line 5B).	\$ 833.33	_____
10B. Total Retirement Income at Normal Retirement Date under Formula B (equals line 6B plus line 9B).	\$ 1,666.67	_____
<b>YOUR NORMAL RETIREMENT INCOME</b> (equals the <u>greater</u> of line 10A or 10B):	\$ 3,000.00	_____

**Example of How to Compute Your Accrued Benefit Prior to Your Normal Retirement Age**

Your accrued benefit is calculated by multiplying your normal retirement benefit in Formula A (Line 8A) by the Years of Service you have accrued at termination and dividing by the Years of Service you would have accrued at your normal retirement date; this calculation is limited to 60% of Final Average Monthly Pay. The result is then compared to Formula B (Line 10B), and you receive the greater of the two amounts.

This example assumes a 35 year-old employee who terminates employment on December 31, 2015 with 5 years of service.

<b><u>Formula A</u></b>	Example	Use This Column for Estimating Your Benefit
1A. Enter your Final Average Monthly Pay at date of termination.	\$ 2,000.00	_____
2A. Multiply .0125 by the amount in line 1A.	\$ 25.00	_____
3A. Enter your Years of Service which were accrued prior to January 1, 1982.	0.000	_____
4A. Retirement Income at Normal Retirement Date due to service prior to January 1, 1982 (equals line 2A multiplied by line 3A).	\$ 0.00	_____
5A. Multiply .025 by the amount in line 1A.	\$ 50.00	_____
6A. Enter your Years of Service at Normal Retirement Date you would have accrued after December 31, 1981.	35.000	_____
7A. Retirement Income at Normal Retirement Date due to service accrued after December 31, 1981 (equals line 5A multiplied by line 6A).	\$ 1,750.00	_____
8A. Total Retirement Income at Normal Retirement Date (equals line 4A plus line 7A).	\$ 1,750.00	_____

9A. Total Years of Service at date of termination.	5.000	_____
10A. Total Years of Service at Normal Retirement Date (line 3A plus line 6A).	35.000	_____
11A. Accrued Retirement Income (line 8A times line 9A, divided by line 10A).	\$ 250.00	_____
12A. Maximum Retirement Income under Formula A (equals .60 times line 1A).	\$ 1,200.00	_____
13A. Accrued Benefit under Formula A (equals the lesser of line 11A or line 12A).	\$ 250.00	_____

**Formula B**

	Example	Use This Column for Estimating Your Benefit
1B. Enter the <u>lesser</u> of your Final Average Monthly Pay at date of termination or \$2,500.	\$ 2,000.00	_____
2B. If line 1B is greater than \$833.33, enter \$833.33. Otherwise, enter the amount in line 1B.	\$ 833.33	_____
3B. Multiply .04 by the amount in line 2B.	\$ 33.33	_____
4B. Enter your total Years of Service.	5.000	_____
5B. Enter the <u>lesser</u> of line 4B or 25.000.	5.000	_____
6B. Retirement Income at Normal Retirement Date due to your first \$833.33 of Final Average Monthly Pay (equals line 3B multiplied by line 5B).	\$ 166.67	_____
7B. Enter the amount of your Final Average Monthly Pay (if any) above \$833.33, but not above \$2,500 (subtract line 2B from line 1B).	\$ 1,166.67	_____
8B. Multiply .02 by the amount in line 7B.	\$ 23.33	_____
9B. Retirement Income at Normal Retirement Date due to your Final Average Monthly Pay above \$833.33, but not above \$2,500 (equals line 8B multiplied by line 5B).	\$ 116.67	_____
10B. Total Retirement Income at Normal Retirement Date under Formula B (equals line 6B plus line 9B).	\$ 283.33	_____
<b>YOUR ACCRUED BENEFIT</b> (equals the <u>greater</u> of line 13A or line 10B).	\$ 283.33	_____

**Your Accrued Benefit will not be less than the benefit which could be provided by your accumulated employee contributions.**

**Example of How to Compute Your Early Retirement Benefit**

Suppose you are eligible for Early Retirement and wish to begin receiving payments at age 60:

***IF YOUR EMPLOYMENT WITH PARKLAND ENDED ON OR AFTER AGE 55***

	Example	Use This Column for Estimating Your Benefit
1. Enter your Accrued Benefit (See the Accrued Benefit Example above and enter the amount of your Accrued Benefit, which is the <u>greater</u> of line 13A or line 13B, from that example).	\$ 1,000.00	_____
2. Reduction Factor based on your age at commencement date (refer to the early retirement reduction factors on page 8)	.6667	_____
3. Early Retirement Benefit (line 1 multiplied by line 2).	\$ 666.67	_____

***IF YOUR EMPLOYMENT WITH PARKLAND ENDED PRIOR TO AGE 55***

	Example	Use This Column for Estimating Your Benefit
1. Enter your Accrued Benefit (See the Accrued Benefit Example above and enter the amount of your Accrued Benefit, which is the <u>greater</u> of line 13A or line 13B, from that example).	\$ 1,000.00	_____
2. Reduction Factor based on your age at commencement date (refer to the early retirement reduction factors on page 8)	.5700	_____
3. Early Retirement Benefit (line 1 multiplied by line 2).	\$ 570.00	_____