

APPALACHIAN REGIONAL HEALTHCARE, INC.  
RETIREMENT PLAN  
SUMMARY PLAN DESCRIPTION  
May 2014

This summary describes the provisions of the Appalachian Regional Healthcare Inc. Retirement Plan (the "Plan"), which was most recently restated effective January 1, 2009 and amended for technical changes required by law thereafter. The Plan provides benefits for ARH Employees who are not represented by the United Steelworkers of America and shall not include any Employee who is a Member of the Appalachian Regional Healthcare, Inc. Administrative Retirement Plan. Professional employees and the Lexington Clerical employees are provided benefits by the Plan. Employees represented by the Kentucky and West Virginia Nurse's Associations are covered by the Plan. Members of the Plan may examine or obtain a copy of the Plan document upon written request to the Corporate Director, Compensation and Benefits and/or the Retirement Committee. Employees represented by the Kentucky and West Virginia Nurse's Associations may obtain a copy of the collective bargaining agreement between Appalachian Regional Healthcare, Inc. and the Kentucky and West Virginia Nurse's Associations upon written request to the Corporate Director, Compensation and Benefits and/or the Retirement Committee. This bargaining agreement includes a provision covering retirement benefits for Registered Nurses covered by the Agreement.

Participation in the Plan was frozen for Employees first hired by ARH on or after January 1, 2007 (October 1, 2007 for Nurse Employees) and for all Employees as of January 1, 2009, regardless of whether the Employee was first hired or was rehired on or after that date.

**Benefit accruals under the Plan were frozen as of June 30, 2009 for non-Nurse Members. Non-Nurse Members' benefits shall be determined according to the benefit they have accrued as of June 30, 2009, and no additional benefits shall accrue thereafter.**

**Benefit accruals under the plan were frozen as of December 31, 2012 for Nurse Members. Nurse Members' benefits shall be determined according to the benefit they have accrued as of December 31, 2012, and no additional benefits shall accrue thereafter.**

The Plan is a non-contributory, defined-benefit pension plan. Because the Plan is non-contributory, you are neither required nor permitted to make contributions to help pay for retirement benefits. Instead, ARH makes all contributions to the Plan based on the amount actuarially determined to be necessary to provide sufficient funds to pay benefits due under the Plan.

Because the Plan is a defined-benefit plan, your retirement benefit will be based on factors such as years of Credited Service and earnings rather than on the amount of money contributed to the Plan on your behalf. For more details about how your benefit will be calculated, see question 12.

The Plan was established and is maintained by:

Appalachian Regional Healthcare, Inc.  
2285 Executive Drive  
Lexington, Kentucky 40504  
Telephone (606) 226-2440

The Plan is self-administered by Appalachian Regional Healthcare, Inc. ARH is the official "Plan Administrator." However, the Retirement Committee is responsible for the day-to-day administration of the Plan. The Retirement Committee is composed of members who are appointed by the President of Appalachian Regional Healthcare, Inc. The Plan Administrator and the Retirement Committee may be contacted at the above address and telephone number.

The Plan's agent for service of legal process is at the above address and telephone number. Service of legal process may also be made on the Plan Administrator (Appalachian Regional Healthcare, Inc.) or on the Plan's Trustees:

Charles Schwab Bank  
Attn: Vice President, Business Trust  
211 Main Street, 14<sup>th</sup> Floor  
San Francisco, CA 94105

Community Trust and Investment Company  
P. O. Box 2947  
Pikeville, KY 41502

The identification number, which should be used in all written correspondence concerning the Plan, is 52-0795508-001.

The end of the year for the Plan's fiscal records is June 30.

In the following pages, you will find "Questions and Answers" which illustrate the provisions of the Retirement Plan. The sole intent of these "Questions and Answers" is to aid in explaining the Plan. However, you should know that the Plan document is the official governing instrument in the event there appears to be any misstatement or misinterpretation in any part of the "Questions and Answers" section. If you have questions concerning any of the information contained in this booklet, you should contact your Administrator or Corporate Director, Compensation and Benefits.

## **QUESTIONS AND ANSWERS**

### **1. WHEN WAS THE PLAN PUT INTO EFFECT?**

The Plan was implemented July 1, 1973, and was last amended and restated in its entirety effective January 1, 2013. The purpose of the Plan continues to be to provide for the retirement of Employees who become Members of the Plan.

### **2. WHO IS ELIGIBLE FOR MEMBERSHIP IN THE PLAN?**

In order to be eligible for membership in the Plan, you must be an employee classified as an ARH professional employee, a clerical staff employee in the Lexington office, or one of ARH "employees" who are not represented by the United Steelworkers of America. Also excluded from the Plan are Members of the Appalachian Regional Healthcare, Inc. Administrative Retirement Plan. You must also meet the membership requirements prior to January 1, 2007 (for new hires who are non-Nurse Employees), October 1, 2007 (for new hires who are Nurse Employees), and January 1, 2009 (for all rehires). The membership requirements were as follows:

- A. Completed at least one thousand (1,000) hours of Service in his first twelve (12) months of employment; or
- B. Completed at least one thousand (1,000) hours of Service in any plan year; or
- C. Is anticipated to meet either of the requirements in (a) or (b) above.

Where a distinction is required in this SPD, the terms "Nurse Employees" and "Nurse Members" refer to those Employees or Members of the Plan who are members of the collective bargaining unit covering employees of Appalachian Regional Healthcare, Inc. who are represented by the Kentucky and West Virginia Nurse's Associations. "Non-Nurse Employees" and "non-Nurse Members" refers to those Employees and Plan Members who are not unionized Nurse Employees or Members, respectively.

Eligibility for membership in the Plan was frozen for non-Nurse Employees first hired by ARH on or after January 1, 2007 (October 1, 2007 for Nurse Employees) and for all Employees as of January 1, 2009, regardless of whether the Employee was first hired or was rehired on or after that date.

**3. WHAT IS A "PLAN YEAR"?**

A "plan year" is the twelve (12) month period starting July 1 each year and ending on the following June 30.

**4. WHAT DETERMINES MY ELIGIBILITY FOR RETIREMENT BENEFITS?**

To be eligible for a benefit, a Plan Member must have either:

- A. Completed at least five (5) years of Service, or,
- B. Attained age sixty-five (65) while an ARH Employee.

**5. WHAT FACTORS WILL DETERMINE THE AMOUNT OF MY RETIREMENT BENEFIT?**

The benefit calculation is based on two factors: "Credited Service" and "Monthly Earnings."

**6. HOW IS A MEMBER'S "CREDITED SERVICE" FOR BENEFIT ACCRUAL DETERMINED?**

Credited Service includes (i) all years of and completed months of continuous service that you logged prior to January 1, 1975 (reduced to reflect part-time employment and excluded periods of leave without pay), plus (ii) one year or fractional year of Service for each plan year after January 1, 1975, with fractional years based on how many actual hours of Service the Member logged each plan year, using the following table:

<u>HOURS OF SERVICE</u>	<u>CREDITED SERVICE</u>
1756 or more	1.0
1561 - 1755	0.9
1366 - 1560	0.8
1171 - 1365	0.7
976 - 1170	0.6
781 - 975	0.5
586 - 780	0.4
391 - 585	0.3
196 - 390	0.2
100 - 195	0.1
Less than 100	0.0

As of January 1, 2008, non-Nurse Members could elect to migrate to the Appalachian Regional Healthcare, Inc. 403(b) Thrift Plan ("Thrift Plan"), in which case all additional retirement benefits for migrating Members were made to the Thrift Plan from that date going forward. Nurse Members could make this election as of April 1, 2008. For any Member who made an election to migrate to the Thrift Plan, additional Credited Service was no longer credited under

this Plan. For such migrating Members, their Credited Service under the Plan will not be less, but will also not be more, than Credited Service for non-Members as of December 31, 2007 and for Nurse Members as of March 31, 2008.

Credited Service for all other non-Nurse Members was frozen as of June 30, 2009 and for Nurse Members as of December 31, 2012. This means your retirement benefits will be determined using the Credited Service you had accrued as of that date (unless your Credited Service was already frozen because you had migrated to the Thrift Plan).

## **7. WHAT IS "SERVICE" AND HOW IS A MEMBER'S "SERVICE" DETERMINED?**

A Member earns an hour of "Service" for every hour he works or is paid for leave benefits by ARH for services actually rendered in an employment classification covered by the Plan. In addition, he may receive full credit for Service while receiving temporary disability benefits and/or receiving salary continuation from ARH for 1 year while on workers compensation.

"Service" consists of two components, "past service" and "future service." Past service is Service earned prior to 1975. Future service is Service earned in 1975 and later years.

Past Service is equal to years and completed months of employment from the most recent date of hire through December 31, 1974. This may include periods of employment with Miners Memorial Hospital Association, Homeplace Clinic or Mount Mary Hospital. Beginning January 1, 1975, a year of Future Service will be recognized for every plan year in which a Member earns at least a thousand (1000) hours of Service.

In some cases, Service also determines whether or not a previous period of employment will be counted in deciding eligibility for and the calculation of benefits, such as early retirement benefits.

Even though Credited Service for purposes of benefit accruals under the Plan was frozen as of June 30, 2009 for non-Nurse Members (unless Credited Service and benefit accruals were frozen earlier because the non-Nurse Member elected to migrate to the Thrift Plan), Service for purposes of vesting and eligibility for early or disability retirement benefits is still being counted.

Service, Credited Service, and benefit accruals under the Plan were frozen for Nurse Members as of December 31, 2012 (unless Credited Service and benefit accruals were frozen earlier because the Nurse Member elected to migrate to the Thrift Plan). Service for purposes of vesting and eligibility for early or disability retirement benefits is still being counted for Nurse Members.

## **8. WHAT ARE THE REQUIREMENTS FOR EARNING A VESTED BENEFIT?**

Members who have completed five (5) years of Service are fully vested in their accrued benefit.

## **9. WHAT IS A "BREAK IN SERVICE" AND HOW DOES IT AFFECT BENEFITS?**

A "break in service" is a plan year in which a Member has less than five hundred (500) hours of Service due to termination of employment. A Break in Service will cause a Member to lose credit for time worked prior to the latest date of employment.

If a non-vested Member's consecutive Breaks in Service as of his re-employment date equal or exceed the greater of five or the aggregate number of years of Service earned before the consecutive Breaks in Service, his Credited Service will not include any periods of employment prior to his re-employment.

During absences on account of maternity, paternity or adoption leave, a Member receives credit for the Service he would ordinarily have earned, up to 501 hours. These hours count solely toward avoiding a Break in Service and not as additional credit for early retirement eligibility or vesting. The hours are credited not when they would have been earned, but in the year the absence began if that would otherwise have been a break year; if not, then in the following year.

#### **10. WHAT HAPPENS IF I TERMINATE EMPLOYMENT AND I LATER RETURN TO WORK FOR ARH?**

If a Member's consecutive Breaks in Service as of his re-employment date equal or exceed the greater of five or the aggregate number of years of Service earned before the consecutive Breaks in Service, his Credited Service will not include any periods of employment prior to his re-employment.

If you terminate employment with ARH and are rehired in an employment classification that otherwise makes you eligible to accrue Service under the Plan, after January 1, 2009, you do not accrue additional Credited Service after you are rehired, but you retain any benefit you already earned before you left ARH, provided the benefit was not lost under the break-in-service rules described above.

#### **11. HOW ARE MEMBERS "MONTHLY EARNINGS" DETERMINED?**

Prior to January 1, 1990, "Monthly Earnings" were the full-time equivalent basic monthly rate of pay (including amounts contributed to purchase tax-sheltered annuities) in effect on January 1 of each plan year. For years prior to January 1, 1974, Monthly Earnings were determined using the basic monthly rate of pay as of January 1, 1974 and for the 1974 and 1975 plan years, Monthly Earnings were determined using the basic monthly rate of pay as of January 1, 1975.

Beginning January 1, 1990, "Monthly Earnings" are the Member's earnings as indicated on Form W-2, plus any pre-tax deductions for health insurance, 403(b) contributions, etc., for the preceding calendar year divided by the number of months worked in that calendar year.

Regardless of whether Monthly Earnings are for years prior to or on and after January 1, 1990, for Plan purposes, amounts above the IRS limit for the applicable year are not included. For 2011, the IRS limit is \$245,000. This limit is indexed for inflation.

#### **12. HOW WILL MY MONTHLY RETIREMENT BENEFIT BE CALCULATED**

## UNDER THE PLAN?

Your monthly retirement income at normal retirement date will be the greater of your benefit determined using the "Career Average Formula" and the "Minimum Benefit Formula," which are computed as follows:

### I. Career Average Formula

For your career average formula benefit calculation, your monthly retirement income will be calculated in four parts. First a benefit will be calculated to January 1, 1974; second, a yearly benefit will be calculated for each plan year from 1974 to 1989; third, a yearly benefit will be calculated for each plan year after 1989; and finally, a total benefit will be arrived at by adding the three yearly benefit calculations.

#### A. Benefit for plan years prior to 1974:

One percent (1%) of your monthly earnings as of January 1, 1974. PLUS

One-half (0.5%) of such monthly earnings in excess of \$650. MULTIPLIED BY

your years of Credited Service to January 1, 1974.

#### B. Benefit for plan years 1974 through 1989

One percent (1%) of your monthly earnings as of January 1 of each plan year on or after January 1, 1974 but before July 1, 1989.

PLUS

One-half percent (0.5%) of such monthly earnings in excess of \$650. MULTIPLIED BY

Your Credited Service in each plan year on or after January 1, 1974 but before July 1, 1989.

#### C. Benefit for plan years 1989 and later:

One and thirty-five hundredths percent (1.35%) of your monthly earnings plus fifteen hundredths percent (0.15%) of your monthly earnings in excess of \$2,166.67 for each plan year on or after July 1, 1989, multiplied by Credited Service in each plan year.

#### D. Total Benefit

Sum of A, B, and C.

### II. Minimum Benefit Formula

For Nurse Members who terminate employment with ARH on and after October 5, 1994, monthly retirement benefits will be calculated using the following formula:

\$20.00 multiplied by total Credited Service.

For non-Nurse Members, there was a similar minimum benefit formula of \$25.00 multiplied by total Credited Service if the non-Nurse Member terminated employment with ARH prior to April 1, 1995.

Example Using Career Average Formula

To see how the Plan's career average benefit formula works, an example might be helpful. Assume an employee was hired by ARH in a job classification covered by the Plan on July 1, 1997, and consistently worked more than 1,800 hours per year. As of December 31, 2007, this person would have 10.5 hours of Credited Service (the half-year being the 6-month period from July 1, 2007 through December 31, 2007). Also assume this person had the following earnings history, resulting in the indicated Accrued Benefit each year:

Plan year beginning in	Annual Rate of Pay	Monthly Earnings	Retirement Plan Accrued Benefit for each year
1997	\$29,763.00	\$2,480.25	\$33.95
1998	\$30,656.00	\$2,554.67	\$35.07
1999	\$31,576.00	\$2,631.33	\$36.22
2000	\$32,523.00	\$2,710.25	\$37.40
2001	\$33,499.00	\$2,791.58	\$38.62
2002	\$34,504.00	\$2,875.33	\$39.88
2003	\$35,539.00	\$2,961.58	\$41.17
2004	\$36,605.00	\$3,050.42	\$42.51
2005	\$37,704.00	\$3,142.00	\$43.88
2006	\$38,835.00	\$3,236.25	\$45.29
2007	\$40,000.00	\$3,333.33	\$23.37
		Total:	<u>\$417.38</u>

(As an example of how the Accrued Benefit for each year is determined, for 2003 the calculation is as follows:  $\$2,961.58 \times 1.35\% + (0.15\% \times [\$2,961.58 - \$2,166.67]) = \$39.98 + \$1.19 = \$41.17$ .)

This Member's potential monthly retirement income under the Career Average Formula as of 12/31/2007 would be \$417.38.



## II. Minimum Benefit Formula:

If the Member is a Nurse Member, since this employee has 10.5 years of Credited Service, his or her potential monthly retirement income under the Minimum Benefit Formula as of 12/31/2007 is \$210.00 ( $\$20.00 \times 10.5$ ). Thus, in this example, the Career Average Formula provides the greater benefit.

In this example, if the Member is a non-Nurse Member, the Minimum Benefit Formula does not apply, because the non-Nurse Member terminated employment with ARH on or after April 1, 1995.

**Important Note: As indicated at several points in this Summary Plan Description, benefit accruals under the Plan were frozen for non-Nurse Members as of June 30, 2009, and were frozen for Nurse Members as of December 31, 2012. No additional benefits will accrue for non-Nurse Members after June 30, 2009 or for Nurse Members after December 31, 2012. This means a non-Nurse Member's benefit will be determined using the factors (Monthly Earnings and Credited Service) earned as of June 30, 2009 and a Nurse Member's benefit will be determined using factors earned as of December 31, 2012.**

### 13. WILL I RECEIVE SOCIAL SECURITY BENEFITS IN ADDITION TO PLAN BENEFITS?

Any benefits payable to you under the terms of the Plan are in addition to benefits you may be entitled to receive from Social Security.

### 15. HOW DO I CLAIM MY RETIREMENT BENEFITS?

When you are ready to claim your Plan Benefits:

- A. Complete an Application for Benefits (Form APR-20) and a Proof of Age Form.
- B. Complete a Designation of Beneficiary Form (APR-21)
- C. You may obtain these forms from your Administrator or Personnel Office.
- D. Submit the completed forms along with your proof of age documents to:

Corporate Director, Compensation and Benefits  
c/o Appalachian Regional Healthcare, Inc.  
P.O. Box 8086  
Lexington, KY 40533

If you have questions about filing your claim, see your Administrator or contact the Corporate Director, Compensation and Benefits.

### 16. HOW WILL MY BENEFIT BE PAID TO ME?

## I. Standard Forms of Payment

**If you are married.** The standard form of payment of a married Member's benefit is a "qualified joint and survivor annuity" with the Spouse. This means you will be paid a monthly income for life. At your death, your spouse will receive payments in an amount equal to 50 percent of the payments you received. If your spouse dies after your benefits start (but before your own death), you will receive the same monthly benefit you had been receiving before your spouse's death.

The payments you receive under the qualified joint and survivor annuity will be a reduced amount of what you would receive under the Plan's benefit formula described under Question 12 above. This reduction is made to account for the actuarial value of the surviving spouse benefit.

With written spousal consent a Member may waive the automatic joint and survivor benefit by completing a Qualified Joint and Survivor Election Form (QJS-49A) which is available from your Administrator or the Corporate Director, Compensation and Benefits.

**If you are single.** The standard form of payment for an unmarried Member is monthly income for life with 24 guaranteed payments. If you die before receiving at least 24 monthly payments, the remainder of those 24 monthly payments will be paid to your beneficiary, after which all payments cease. If you continue to live beyond the 24 monthly payments have been made, you will continue to receive a monthly payment in the same amount, but no further payments will be made after you eventually die.

The benefit formula explained in Question 12 above is based on the monthly income for life with 24 guaranteed payments form of payment.

## II. Optional Forms of Payment

Alternate methods of receiving benefits are available to you and may be elected prior to retirement or commencement of retirement payments. If you are married, spousal consent may be required. When you are near retirement, you may request a personalized estimate of the benefits payable to you under the various options and an explanation of how each option works. Additionally, your Administrator or the Corporate Director, Compensation and Benefits will be available to explain the options available to you.

Briefly, the options are:

### GROUP A: Single Life-Only Annuity

Under this form of payment, you will be paid a monthly income for life. Because there are no guaranteed payments and no survivor benefit, this option generally provides the largest monthly benefit. However, all payments stop when you die.

If you are married, you must have your spouse's consent to this form of payment.

## GROUP B: 50, 75, or 100 Percent Joint and Survivor Annuity Forms

Other option payment forms include three forms of a "Percent Joint and Survivor Annuity." If you are married, you do not need your spouse's written consent to choose any of the Percent Joint and Survivor Annuity forms unless you designate someone other than your spouse as your beneficiary.

Under any of these forms, you will be paid a reduced monthly income for life, with payments continuing to your designated beneficiary after your death.

Your payments will be reduced compared to what you would have received under the Plan's benefit formula based on the monthly income for life with 24 guaranteed payments form of payment, because payments will be made for two persons' lifetimes. The reduction is based on factors specified in the Plan.

At your death, your beneficiary (spouse or non-spouse) will receive payments in an amount equal to a certain percentage of the payments you received, for his or her lifetime. The percentages available to be paid to your beneficiary, depending on the Percent Joint and Survivor Annuity form you choose, are 50, 75, or 100 percent of your own benefit.

## GROUP C: Life Annuity and 60, 120 or 240 Guaranteed Monthly Payment Forms

These payment forms are similar to the monthly income for life with 24 guaranteed payments form of payment, except that they pay monthly guaranteed payments for 60 months (that is, 5 years), 120 months (10 years), or 240 months (20 years) respectively.

Under these payment forms, the monthly benefits are reduced from the basic benefit because they are divided among a greater number of guaranteed payments. The greater the number of guaranteed payments, the greater the reduction in the monthly benefit.

If you are married, you must have your spouse's consent to elect this form of payment.

Please note that the benefit available to you may depend on your age at retirement, the age of your Beneficiary and your relationship to your Beneficiary. For specific information about the optional forms of payment available to you, contact your Administrator or the Corporate Director, Compensation and Benefits.

### **17. WHEN WILL I BE ELIGIBLE FOR NORMAL RETIREMENT?**

Your "Normal Retirement Date" will be the first day of the month coincident with or immediately following your 65th birthday.

For Example, let's assume that a Member's date of birth is March 15, 1951. In this case, his Normal Retirement Date will be April 1, 2016 (the first day of the month following his 65th birthday). If he had been born on April 1, 1951, however, his Normal Retirement Date would be April 1, 2016 (the first day of the month coincident with his 65th birthday).

**18. MAY I RETIRE BEFORE MY NORMAL RETIREMENT DATE?**

Yes, if you have reached age 55 and earned at least five (5) years of Service, you may elect to retire. Your early retirement benefit will be reduced because you will complete fewer years of Service and your benefit will be payable for a longer period of time than if you retired at age 65. The exact amount of the reduction will depend on your age at retirement. You may obtain further information about reductions in early retirement benefits from your Administrator or by writing to the Corporate Director, Compensation and Benefits. For Disability Retirement see question 22.

**19. MAY I BEGIN RECEIVING PLAN BENEFITS WHILE STILL EMPLOYED BY ARH?**

Effective January 1, 2009, a Member who has attained age 62 may elect to receive an "in-service" distribution, prior to termination of employment, which is his monthly retirement income reduced in the same manner as for an early retirement described in Question 18 above. If an election to receive an in-service distribution is made, the Member will accrue no further benefits under this Plan. You may obtain further information about in-service distributions from your Administrator or by writing to the Corporate Director, Compensation and Benefits.

**20. MAY I RETIRE AFTER MY NORMAL RETIREMENT DATE?**

Yes, you may retire after your normal retirement date. However, accrued benefits of all Members must commence no later than your required beginning date (see question 21).

**21. IS THERE A MANDATORY AGE THAT A PLAN MEMBER MUST BEGIN TO RECEIVE RETIREMENT BENEFIT PAYMENTS?**

Yes, if a Member is no longer actively at work, accrued benefit payments must commence no later than April 1 following the calendar year in which the Member attains age seventy and one-half (70½).

**22. WILL I RECEIVE ANY INFORMATION CONCERNING THE AMOUNT OF MY BENEFIT FROM THE PLAN?**

Yes, ARH will give you a certificate each year which will show the estimated amount of your monthly pension at normal retirement date, including your projected Social Security benefit.

**23. WHAT BENEFIT WILL BE PROVIDED IF I BECOME DISABLED?**

If you become totally disabled while an Employee of ARH as determined by the Retirement Committee after earning at least five (5) years of Service, you will be retired on the date of your disability. Your Disability Retirement will start on your "Disability Retirement Date" which will be the later of (i) the first day of the first month for which you are determined by the Retirement Committee to be disabled or (ii) the date you cease receiving benefits from another plan providing disability benefit that is sponsored by ARH.

Prior to the freezing of benefit accruals under the Plan as of June 30, 2009 for non-Nurse Members and December 31, 2012 for Nurse Members, a Member continued to earn both Service and Credited Service during a period in which the Member was disabled and receiving benefits under a disability benefit plan sponsored by ARH.

A Member's disability retirement benefit is equal to the Member's accrued benefit as of his or her Disability Retirement Date. Unlike an early retirement or an in-service retirement, the Member's accrued benefit is not reduced if the Member's Disability Retirement Date is prior to his or her Normal Retirement Date. If your Disability Retirement Date is determined to be prior to the date benefit payments under a disability retirement actually begin, any past-due payments will be made in a single lump sum based on the actuarial value of such past-due benefits. A Member's Disability Retirement payments will cease if he or she recovers from his or her disability.

**24. WILL MY BENEFICIARY RECEIVE A BENEFIT IF I DIE BEFORE RETIREMENT?**

Yes, if you die before attaining age 55 and meet all of the following requirements:

1. You currently work for by Appalachian Regional Healthcare, Inc.
2. You are a Vested Member.

If the requirements above are met and you die before attaining age 55, your Beneficiary will be eligible to receive a benefit on the date you would have attained age 55.

If you die after attaining age 55, will your Beneficiary be eligible to receive a benefit immediately?

Yes, if you die after age 55 and meet the following requirement:

1. You are a Vested Member.

No, if:

1. You are not a Vested Member.

**25. WILL MY BENEFICIARY RECEIVE A BENEFIT IF I DIE AFTER RETIRING?**

Your beneficiary will receive a survivor benefit if you elect a Percent Joint and Survivor Annuity form of payment, in which case your surviving beneficiary will receive the survivor benefit at the indicated percentage of your monthly payment. Your beneficiary may also receive a benefit if you elect a Life Annuity and Guaranteed Payment form of payment and the guaranteed payment period has not expired at the time of your death.

**26. IF I AM DENIED A BENEFIT BY THE COMMITTEE, WILL I RECEIVE AN EXPLANATION?**

Yes, if a claimant's claim is denied in part or in total, the Retirement Committee will generally furnish notice of the denial in writing to the claimant within 90 days (or, if a claimant's disability is material to the claim, 45 days) after receipt of the claim by the Retirement Committee; except that if special circumstances require an extension of time for processing the claim, the period in which the Retirement Committee is to furnish the claimant written notice of the denial shall be extended for up to an additional 90 days (or, if a claimant's disability is material to the claim, 30 days), and the Retirement Committee shall provide the claimant within the initial 90-day (or 45-day) period a written notice indicating the reasons for the extension and the date by which the Retirement Committee expects to render the final decision.

The final notice of denial shall be written in a manner designed to be understood by the claimant and set forth:

- A. The specific reason or reasons for the denial;
- B. Specific references to the pertinent Plan provisions on which the denial is based;
- C. A description of any additional material or information necessary to complete your claim with an explanation as to why such material or information is necessary; and
- D. An explanation of the Plan's procedures for reconsidering your claim, including the time limits applicable to such procedures and a statement of the claimant's right to bring a civil action under Section 502 of ERISA if your claim is denied on appeal.

If your claim involves a determination of disability, the notice of denial will also include:

- E. If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion; or a statement that such a rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol, or other similar criterion will be provided free of charge to the claimant upon request; or
- F. If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request.

Any claimant who has a claim denied may appeal the denied claim to the Retirement Committee. Such an appeal must, in order to be considered, be filed by written notice to the Retirement Committee within 60 days (or, if the claimant's disability is material to the claim, 180 days) of the receipt by the claimant of a written notice of the denial of his or her initial claim. If any appeal is filed in accordance with such rules, the claimant (i) shall be given, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim and (ii) shall be provided the opportunity to submit written comments,

documents, records, and other information relating to the claim.

Upon any appeal of a denied claim, the Retirement Committee shall provide a full and fair review of the subject claim, taking into account all comments, documents, records, and other information submitted by the claimant (without regard to whether such information was submitted or considered in the initial benefit determination of the claim), and generally decide the appeal within 60 days (or, if the claimant's disability is material to the claim, 45 days) after the filing of the appeal; except that if special circumstances require an extension of time for processing the appeal, the period in which the appeal is to be decided may be extended for up to an additional 60 days (or, if the claimant's disability is material to the claim, 45 days) and the Retirement Committee shall provide the claimant written notice of the extension prior to the end of the initial period. However, if the decision on the appeal is extended due to the claimant's failure to submit information necessary to decide the appeal, the period for making the decision on the appeal shall be tolled from the date on which the notification of the extension is sent until the date on which the claimant responds to the request for additional information.

If an appeal of a denied claim is denied, the decision on appeal shall (i) be set forth in a writing designed to be understood by the claimant, (ii) specify the reasons for the decision and references to pertinent provisions of this Plan on which the decision is based, and (iii) contain statements that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim and, in the event the appeal involves a claim for benefits under the Plan, of the claimant's right to bring a civil action under Section 502(a) of ERISA. If the claim involves a determination of disability, the additional information for disability claims described above in the initial denial of a claim shall also be included in the written decision on appeal.

#### **27. ARE MY PLAN BENEFITS PROTECTED AGAINST CLAIMS OF MY CREDITORS OR OTHER INDIVIDUALS?**

Yes, any benefits due you are not subject to any claims of your creditors. You may not assign, sell or commit your unpaid benefits in any way unless the assignment results from a qualified judgment, decree or order relating to child support, alimony payments or marital property rights under state domestic relations law. This is known as a qualified domestic relations order ("QDRO").

Certain government liens may also be placed on Plan benefits, including for taxes you owe.

#### **28. WHO HOLDS THE FUNDS TO PROVIDE BENEFITS?**

Appalachian Regional Healthcare, Inc. has entered into Trust Agreements with Charles Schwab Bank and Community Trust and Investment Company to hold funds contributed to this Plan. These collectively make up the Plan's Trust. It is important to remember that the funds held and invested under the Plan's Trust are for the exclusive benefit of Plan Members.

#### **29. IF I AM RE-EMPLOYED BY ARH AFTER MY BENEFITS HAVE STARTED,**

### **WILL I CONTINUE TO RECEIVE BENEFITS?**

No, you will receive no further benefits until your employment is terminated. When you terminate, your benefit will be adjusted to reflect any additional amounts you have earned and also for the benefit payments you have already received.

### **30. WHO WILL ANSWER MY QUESTIONS ABOUT THE PLAN?**

Your Administrator or his designee will answer your questions or you may contact the Corporate Director, Compensation and Benefits regarding your questions about the Plan.

### **31. WHAT IS THE RETIREMENT COMMITTEE?**

The Retirement Committee is composed of members appointed by the President of Appalachian Regional Healthcare, Inc. This Committee is responsible for the day-to-day administration of the Plan, and sees that all Members are treated equally and fairly.

### **32. WILL THIS PLAN ALWAYS BE IN EFFECT?**

Every effort has been made to assure the continuation of this program indefinitely. Appalachian Regional Healthcare, Inc. must reserve the right, however, to suspend payments to the Trust for any year and to terminate this Plan at any time. It should be noted, however, that in the event of amendment, modification, suspension or termination of the Plan, benefits you have earned at that time may not be taken away to the extent then funded in the Trust Fund.

If the Plan terminates, the Trustee will compute the value of assets held by the Trust. The Plan Actuary will then determine the value of each individual's benefit.

The value of the Trust Fund remaining after providing for the expenses of administration of the Plan and Trust will be allocated for purposes of paying monthly retirement benefits, disability benefits and death benefits in order of precedence and in the amounts indicated by the Employee Retirement Income Security Act. The amount that may be allocated for any individual who was among the twenty-five (25) most highly compensated employees may be restricted in accordance with federal laws and regulations.

When the interests of each individual have been determined, the Trust Fund will be liquidated and each individual's interest will be distributed to him. At Plan termination, payment of your benefit will come only from Plan assets or from the Pension Benefit Guaranty Corporation as explained in the next question.

### **32. ARE PLAN BENEFITS INSURED?**

Your pension benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. If the Plan terminates without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under the Plan, but some people may lose certain benefits



Generally, the PBGC guarantees most vested normal retirement age benefits, early retirement benefits and certain disability and certain benefits for your survivors.

The PBGC generally does not guarantee benefits greater than the maximum guaranteed amount set by law of the year in which the Plan terminates, benefits that have been increased within the five (5) years before Plan termination, benefits for which you are not vested, benefits for which you have not met all of the Plan's requirements, certain early retirement payments, and non-pension benefits such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

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

For more information on the PBGC insurance protection and the benefits it guarantees, ask your Plan Administrator or the PBGC. Inquiries to the PBGC should be addressed to the PBGC's Technical Assistance Division, 1200 K. Street NW, Suite 930, Washington, D.C. 20005-4026 or call 1-202-326-4000 (not a toll-free number). TTY/TTD users may call the federal relay service toll-free number at 1-800-877-8339 and ask to be connected to 1-202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's web site at <http://www.pbgc.gov>.

### **33. ARE THERE ANY LIMITATIONS ON MY BENEFITS?**

All tax-qualified retirement plans (like this Plan) are subject to regulation by the Internal Revenue Service. One of these regulations states that you may not lose your benefit as calculated under the Plan once you reach age 65; however, see question 32, "ARE PLAN BENEFITS INSURED?" for maximum amounts guaranteed by the PBGC in case of Plan termination. Other regulations place certain maximums on the benefits, which you may receive from this Plan. Primarily, they are as follows:

1. There are certain legal limitations to the amount of benefits, which the twenty-five (25) highest paid employees can receive if the Plan terminates or fails to meet certain financial requirements.
2. Annual benefits payable to you from this Plan may not exceed certain maximum levels, which are subject to annual cost-of-living adjustments. If you wish to know the precise value of these levels, contact the Corporate Director, Compensation and Benefits for details.

If, at retirement, you will receive benefits from any other pension plan, which ARH is contributing on your behalf, the amount of such benefits being received for the same period of employment covered under this Plan will be deducted from the benefits provided by this Plan. However, benefits will not be deducted if they are being paid under any public or governmental plan or programs -- such as Social Security.

**34. ARE THERE ANY OTHER LEGAL RESTRICTIONS THAT APPLY TO MY PENSION BENEFIT?**

Federal law also requires that the Plan be funded in accordance with certain legal standards that are designed to have the Plan's assets be no less than the present value of all of the benefits accrued under the Plan. But, at certain times and for various reasons (particularly related to the Plan's investments and interest rates used to value Plan benefits), the Plan's assets may be less than the Plan's total accrued benefits.

You will receive written notice of any impact of the Plan's funding status on the Plan's benefits, if any.

**35. HOW CAN I BE ASSURED THAT THIS PLAN IS FAIR TO ALL THE MEMBERS?**

Federal law requires that the Plan be tested periodically to see if certain officers, known as "key employees," of Appalachian Regional Healthcare, Inc., are earning more than 60% of the total benefits provided by the Plan. If so, the Plan is considered to be "top heavy." If the Plan is top heavy in any year, non-key employees may be entitled to certain minimum benefits and/or accelerated vesting, and special rules will apply. If the Plan becomes top heavy, the Plan Administrator will advise you of your rights under the top heavy rules.

**36. WHAT ARE MY RIGHTS UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974?**

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

**Receive Information About Your Plan and Benefits**

- Examine, without charge, at ARH's offices and at other specified locations, such as worksites, all documents governing the Plan, including insurance contracts and a copy of the latest annual report (Form 5500 Series) that is 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, by written request to the Retirement Committee, copies of documents governing the operation of the Plan, copies of the latest annual report (Form 5500 Series), and the current summary plan description. The Retirement Committee may make a reasonable charge for the copies.
- Obtain a statement telling you whether you have a right to receive a pension 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 pension, the statement will tell you how many more years you have to work to get a right to a pension. This

statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

### **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for Plan Members, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan while they are acting in a fiduciary capacity. These people, called “fiduciaries” of the Plan, have a duty to do so prudently and in your interest and that of other Plan participants and beneficiaries. No one, including ARH or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

### **Enforce Your Rights**

If your claim for a Plan benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain, without charge, documents relating to the decision 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 materials 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 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 your claim for benefits is denied or ignored, in whole or in part, you may file suit in a state or federal court after you have exhausted all remedies available under the Plan’s claims and appeals procedure, as described under “Your Appeal Rights.” 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 a federal court after you have exhausted all remedies available under the Plan’s claims and appeals procedure.

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 Employee Benefits Security Administration or you may file suit in a federal court. However, before filing a suit, you must exhaust your administrative remedies under the Plan’s claims procedure.

If you sue, 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 Plan Administrator.

If you have any questions about this statement or about your rights under ERISA, you should contact:

- The nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory; or
- The Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington D.C. 20210

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

### **37. WHAT ARE MY RIGHTS UNDER THE UNIFORMED SERVICES EMPLOYMENT AND RE-EMPLOYMENT RIGHTS ACT (USERRA)?**

Subject to certain limits, USERRA protects your right to reemployment after you return from qualified military service and protects certain benefits with limitations while you are on qualified military leave. If you die while you are on qualified military leave you will be treated as if you died while an active Member in the Plan. Contact the Administrator for additional information about USERRA.