Antelope Valley Hospital
Medical Center

Defined Benefit
Retirement Plan

PEPRA Participant Handbook

Generally Effective as of July 1, 2015

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INTRODUCTION

Antelope Valley Hospital Medical Center ("AVH") wants to help make retirement as financially secure and comfortable as possible for you and your family. The Antelope Valley Hospital Medical Center Retirement Plan (the "Retirement Plan") can give you the security of a steady monthly income when you retire and may continue payments to your beneficiary. When combined with your personal savings and any Social Security benefit you receive, the Retirement Plan can play an important part in making your retirement more pleasant and allowing you more financial freedom.

The following pages describe the main features of your Retirement Plan that are effective as of July 1, 2015. In general, if you were hired and credited with hours of service for any period of employment with AVH prior to January 1, 2013, or if your participation in the Retirement Plan commenced prior to January 1, 2013, then this booklet DOES NOT apply to you. If either one of the scenarios described above applies to you, you may contact the Human Resources Department for information on how to obtain the appropriate Retirement Plan booklet that applies to you.

This booklet is prepared specifically for "**PEPRA Participants**". By way of background, "PEPRA" refers to the California Public Employees' Pension Reform Act of 2013 in Assembly Bill 340 that was enacted on September 12, 2012, and generally applies to new employees that become members of a public retirement system or an individual retirement plan offered by a public employer in the State of California, such as the Retirement Plan, for the first time on and after January 1, 2013. References to "PEPRA Participants" throughout this booklet are intended to distinguish and identify members that commence participation in the Retirement Plan on or after January 1, 2013 and that are subject to the requirements of PEPRA. Some of the notable requirements applicable to PEPRA Participants under the Retirement Plan are as follows:

- A minimum 50-50 cost sharing requirement on new members to fund their pension benefits. Prior to the enactment of PEPRA, the full cost of benefits accrued under the Retirement Plan was borne by AVH.

- New limitations and restrictions on retirement benefit formulas, including the definition of "Pensionable Compensation" used to calculate a member's retirement benefit.

- Forfeiture provisions that apply if a member is convicted of a felony for conduct arising out of the member's duties with AVH or in connection with obtaining compensation and benefits from AVH.

The Retirement Plan may be amended from time to time, in which case AVH will provide you with updates to this booklet within a reasonable time following a plan amendment that changes the information presented in this booklet. Please read this booklet carefully and keep it for future reference. If you have questions, feel free to contact the Human Resources Department.

AVH suggests that you speak to a Human Resources representative at least 60 days before you plan to retire. The representative will explain the various options available to you. You will then be in a better position to make informed decisions concerning your retirement. If you are nearing retirement or would like specific information, call the Human Resources Department to arrange an appointment.

This Handbook is only a summary of the Retirement Plan's provisions. To the extent the Handbook is inconsistent with the Retirement Plan, the Retirement Plan shall govern.

WHEN YOU BECOME A MEMBER

You automatically become a member of the Retirement Plan on the January 1 or July 1 following the first anniversary of your date of hire, if you complete at least 1,000 Hours of Service (as defined below) during your first year of employment and you are in a pension-eligible position. The January 1 or July 1 on which you become a member of the Retirement Plan is referred to as your "entry date".

If you do not complete at least 1,000 Hours of Service during your first year of employment, your participation in the Retirement Plan will depend on your Hours of Service during the Plan Year (July 1 to June 30). You automatically become a member on the July 1 following the first Plan Year in which you complete 1,000 or more Hours of Service.

In general, temporary employees and employees paid at per-diem rates of pay are not eligible to participate in the Retirement Plan. A special rule applies if you commence participation in the Retirement Plan as a PEPRA Participant and then you later change your status to a per-diem employee. In this situation, despite your changed status to a per-diem employee you cannot opt out of participating in the Retirement Plan and you will be required to continue the member contributions collected as payroll deductions as described more fully below.

The term "PEPRA Participant" refers to a member who is initially hired as an AVH employee in a pension-eligible position on or after January 1, 2013 and whose entry date is on or after that date. You <u>ARE</u> <u>NOT</u> a PEPRA Participant if you are an AVH employee or a current or former member of the Retirement Plan who at any time was credited with any Hour of Service for any period of employment with AVH prior to January 1, 2013 in either a pension-eligible or a non-pension eligible position, even if your Hours of Service are disregarded due to the application of the Break in Service rules described more fully below.

HOURS OF SERVICE

An "Hour of Service" is any hour for which you are paid or entitled to payment from AVH. This includes time worked and certain hours you do not work, such as vacation, holiday, illness, jury or military duty, or paid leave of absence. You may receive credit for up to 1,000 Hours of Service for such time off in any Plan Year.

COST OF THE RETIREMENT PLAN AND REQUIRED MEMBER CONTRIBUTIONS

As a PEPRA Participant, you are required to contribute towards the cost of funding your benefits under the Retirement Plan, which will be collected through pre-tax payroll deductions from your "Contributory Pay" (as defined below). PEPRA generally requires that you and AVH must have a minimum 50-50 cost-sharing arrangement where *your member contributions are equal to 50% of the "Normal Cost Rate"* (as described more fully below), starting from your entry date under the Retirement Plan and continuing for the duration of your employment with AVH.

Your member contributions to satisfy the PEPRA cost-sharing requirement is equal to the member contribution rate multiplied by your Contributory Pay. "Contributory Pay" is calculated as your normal rate of pay (i.e., base rate in effect at the end of each bi-weekly pay period) multiplied by the number of hours in the payroll period for which you are actually paid, at either your normal rate of pay or a higher rate. In general, the total number of hours used to calculate your Contributory Pay will be capped at 2,080 hours per year (from July 1 to the following June 30, which is the Plan Year over which hours and pay records are kept for the Retirement Plan). Moreover, the base hourly rate of pay used to determine your Contributory Pay in any bi-weekly pay period will not exceed the hourly equivalent of the annual limit under Section 401(a)(17) of the Internal Revenue Code, which for 2015 is $265,000 (subject to cost-of-living adjustments in future years).

In order to set the member contribution rate that applies to your Contributory Pay, AVH, with the assistance of the actuaries for the Retirement Plan, performs an actuarial study each year to determine the "Normal Cost Rate" for the Retirement Plan, which represents the cost of projected pension benefits attributable to the current year on account of active members' service, expressed as a percentage of AVH's payroll. The Normal Cost Rate will be determined annually, and, if variances in the Normal Cost Rate exceed 1% either upward or downward, AVH must change the member contribution rate accordingly. However, it is not anticipated that the Normal Cost Rate will fluctuate significantly from year to year in order to cause the member contribution rate to change on a regular basis.

The initial Normal Cost Rate for the Retirement Plan was determined as 7.29%. 50% of the Normal Cost Rate is 3.65% (50% multiplied by 7.29%), but is rounded to 3.75% according to PEPRA guidelines that state that the rate must be rounded to the nearest quarter of one percent. Therefore, 3.75% is the member contribution rate as of the date of this booklet. AVH will provide PEPRA Participants with periodic updates within a reasonable period of time following any changes in the member contribution rate.

To the extent that any PEPRA Participant has not met the vesting requirements under the Retirement Plan at the time the member terminates employment with AVH, any required member contributions collected from the member shall be returned, with interest at 4% per year, as soon as reasonably practicable following the member's termination of employment.

WHEN YOU CAN RETIRE

You may elect to retire on one of the following dates:

- Normal Retirement Date: Your 65th birthday.
- Early Retirement Date: The first day of any month on or after your 55th birthday if you have at least 10 Years of Vesting Service. (Vesting service is described on page 12).
- Postponed Retirement Date: The first day of any month after your Normal Retirement Date.

DETERMINING RETIREMENT BENEFITS

Retirement benefits under the Retirement Plan are based on two important factors:

- Your Average Monthly Compensation and your total Years of Credited Service.

- Average Monthly Compensation: The average monthly pay you receive during the three highest-paid consecutive Plan Years out of the last fifteen Plan Years just before you retire or terminate employment.

For example, suppose in the five Plan Years just before you retire, your highest annual Pensionable Compensation (as defined below) looks like this:

PLAN YEAR	**ANNUAL PENSIONABLE COMPENSATION**
July 1, 2028 – June 30, 2029	$42,000
July 1, 2029 – June 30, 2030	$44,000
July 1, 2030 – June 30, 2031	$46,000
July 1, 2031 – June 30, 2032	$48,000
July 1, 2032 – June 30, 2033	$50,000

To figure your Average Monthly Compensation, first determine your highest Pensionable Compensation for three consecutive years. In this case, they are $46,000, $48,000, and $50,000, add them together (for a total of $144,000) and divide by 36 (3 years times 12 months). The answer, $4,000, is your Average Monthly Compensation.

For PEPRA Participants, "Pensionable Compensation" means the normal rate of pay of the member paid in cash for services rendered on a full-time basis during normal working hours. Pensionable Compensation DOES NOT include items of pay such as overtime, bonuses (and any other one-time or ad hoc payments), payments for services outside of normal working hours, employer-provided allowances or reimbursements, severance and payments for unused vacation, sick leave or time off. Your Pensionable Compensation will generally be calculated by multiplying your base hourly pay rate in effect at the end of each bi-weekly pay period, times 80 hours (and the total number of hours for your calculation will be capped at 2,080 per year). Moreover, the base hourly rate of pay used to determine your Pensionable Compensation in any bi-weekly pay period will not exceed the hourly equivalent of the annual limit under Section 401(a)(17) of the Internal Revenue Code, which for 2015 is $265,000 (subject to cost-of-living adjustments in future years).

- Years of Credited Service: Each Plan Year you complete at least 2,000 Hours of Service counts as one Year of Credited Service.

If you complete between 1,000 and 2,000 Hours of Service in a Plan Year, you earn a fractional Year of Credited Service determined by dividing the number of hours worked by 2,000. For example, if you complete 1,000 Hours of Service, you earn .500 (1,000/2,000) Years of Credited Service. If you complete 1,800 Hours of Service, you earn .900 (1,800/2,000) Years of Credited Service.

Hours of Service while you are on standby or hours paid in lieu of benefits are generally not counted in determining credited service.

Due to current Internal Revenue Service guidelines, if you are a PEPRA Participant and you subsequently transfer to a non-pension eligible position, you are required to continue participation in the Retirement Plan. This means that you will be required to continue making the required member contributions through payroll deductions, and you will also continue to earn credited service toward your retirement benefit.

YOUR NORMAL RETIREMENT BENEFIT

Your monthly benefit at normal retirement ("Normal Retirement Benefit") is determined by this formula:

1.6% of Average Monthly Compensation
Multiplied By
Years of Credited Service

If you are a member with twenty-five (25) or more years of Credited Service, your Normal Retirement Benefit is determined by this formula:

1.65% of Average Monthly Compensation
Multiplied By
Years of Credited Service

California Nurses Association Bargaining Unit

If you are a registered nurse covered by the California Nurses Association Bargaining Unit and you have twenty-five (25) or more years of Credited Service, your Normal Retirement Benefit is determined by this formula:

1.7% of Average Monthly Compensation
Multiplied By
Years of Credited Service

Example 1

Let's say you retire on your Normal Retirement Date and at that time:

- Your Average Monthly Compensation is $4,000; and
- You have **15** Years of Credited Service.

Here is how your Normal Retirement Benefit is figured:

1.6% x $4,000		$ 64.00
Years of Credited Service		x 15
Monthly Retirement Plan Benefit	=	$960.00

Thus, your Monthly Retirement Plan Benefit would be $960.00.

Example 2

Let's say you retire on your Normal Retirement Date and at that time:

- Your Average Monthly Compensation is $4,000; and
- You have **30** Years of Credited Service.

Here is how your Normal Retirement Benefit is figured:

1.65% x $4,000		$ 66.00
Years of Credited Service		x 30
Monthly Retirement Plan Benefit	=	$1,980.00

Thus, your Monthly Retirement Plan Benefit would be $1,980.00.

Examples 1 and 2 both assume that the elected form of payment is a Single Life Annuity. (See Optional Payment Forms on page 10.)

The amounts calculated as your Monthly Retirement Plan Benefit serve to supplement any Social Security benefits, personal savings, and personal investments, such as Individual Retirement Account (IRA) or tax sheltered annuities (TSA) payments, or any other sources of income that you would consider as part of your overall retirement income.

BENEFITS AT EARLY RETIREMENT

You are eligible for Early Retirement Benefits on the first day of the month on or after your 55th birthday when you have 10 or more years of Vesting Service. If you elect to retire early, you have the option of requesting that Retirement Plan benefits start immediately or of deferring benefits to a later date (but not later than April 1 following the year you retire or turn age 70-1/2, whichever is later).

Benefit payments that begin before your 65th birthday are reduced. This reduction is made because benefits start sooner and will be paid to you for a longer time. The following chart shows the percentage of your Normal Retirement Benefit that would be payable, depending on your age when payments start.

Your Age When Retirement Benefits Begin	Percent of Normal Retirement Benefit Payable
65	100.0%
64	93.3%
63	86.7%

62	80.0%
61	73.3%
60	66.7%
59	63.3%
58	60.0%
57	57.7%
56	53.3%
55	50.0%

You must notify the Human Resources Department when you are ready for your retirement benefits to begin.

Example 1

Suppose you decide to retire early at age 58 and request that benefits start right away. On your Early Retirement Date your Average Monthly Compensation is $4,000 and you have **15** Years of Credited Service. Your Early Retirement Benefit is figured as follows:

1.6% x $4,000	=	$ 64.00
- multiplied by -		
Years of Credited Service	=	x 15
Benefit payable at normal retirement	=	$960.00
Percentage of Normal Retirement Benefit payable at 58	=	x 60%
Early Retirement Benefit payable at age 58	=	$576.00

Example 2

Suppose you decide to retire early at age 58 and request that benefits start right away. On your Early Retirement Date your Average Monthly Compensation is $4,000 and you have **30** Years of Credited Service. Your Early Retirement Benefit is figured as follows:

1.65% x $4,000	=	$66.00
- multiplied by -		
Years of Credited Service	=	x 30

Benefit payable at normal retirement	=	$1,980.00
Percentage of Normal Retirement Benefit payable at 58	=	x 60%
Early Retirement Benefit payable at age 58	=	$1,188.00

Examples 1 and 2 both assume that the elected form of payment is a Single Life Annuity. (See Optional Payment Forms on page 10.)

<u>POSTPONED RETIREMENT BENEFITS</u>

If you work past your 65th birthday, retirement benefits generally begin when you actually retire. Your benefit will be based on your Average Monthly Compensation and Years of Credited Service earned to your Postponed Retirement Date.

After reaching your 65th birthday, you may be eligible to begin receiving your Normal Retirement Benefit while continuing to work. For details, please contact the Human Resources Department.

<u>HOW BENEFITS ARE PAID</u>

You can elect to receive retirement benefits in one of several ways. The Retirement Plan provides these payment forms so that you can choose the one that best suits your personal situation. All benefit payment forms are equal in value, but monthly benefit amounts will differ depending on the form you select. This is because some payment forms guarantee benefits over the lifetimes of two people instead of one, or guarantee a minimum number of payments.

<u>NORMAL PAYMENT FORMS</u>

Your retirement benefit will be automatically paid as follows, according to your marital status:

- <u>If you are single or married less than one year when benefits start</u>, you will receive monthly retirement benefits in the form of a Single Life Annuity. This annuity pays you equal monthly installments for your lifetime only. Benefit payments will stop at your death.

- <u>If you are married for at least one year when benefits start</u>, benefits in the form of a 50% Joint and Survivor Annuity with your spouse as your beneficiary. This annuity pays you reduced monthly benefits for your lifetime, with 50% of the payment continuing at your death to your spouse for his or her lifetime.

- <u>If your spouse dies before benefit payments start</u>, you will receive benefits in the Single Life Annuity payment form if you do not make another election. If your spouse dies before you but after payments start, you will continue to receive the same monthly benefits you were receiving before your spouse's death. Benefit payments stop at your death.

OPTIONAL PAYMENT FORMS

Instead of the normal payment forms described above, you may select one of the following options:

- Single Life Annuity Option: You receive monthly payments for your lifetime. Benefits stop on the date of your death.

- Joint and Survivor Annuity Option: You receive reduced monthly payments for your lifetime. You elect to have your beneficiary receive either 50%, 75% or 100% of your monthly benefit for his or her lifetime. The amount of your benefit depends on the percentage you elect to continue to your beneficiary. If your beneficiary dies before you, you will continue to receive the same monthly benefit for your lifetime.

- Ten-Year Certain and Life Option: Under this option, you receive reduced monthly payments for your lifetime with a guarantee that Retirement Plan payments will be made for a minimum of 10 years (120 months). If you die before you receive 120 monthly payments your beneficiary will receive the same monthly benefit you were receiving for the remainder of the guaranteed 10-year period.

HOW TO ELECT A PAYMENT OPTION

About 60 days before your Normal Retirement Date or the date payments are to begin, you will be able to choose your payment form. You may change your election at any time before benefit payments start. Once payments begin, however, you cannot change your form of benefit payment.

Your election of an optional payment form may be canceled if:

- Your spouse or beneficiary dies before benefit payments start; or

- You marry or remarry and have been married for at least one year after making an election but before benefits payments start.

If either of these happens, benefit payment will be made in the normal form for your marital status, or you could elect another payment option as long as you do so before benefits start.

NAMING YOUR BENEFICIARY

If you choose an optional payment form (other than the single life annuity), you can name anyone as your beneficiary. But, if you are married (for more than one year) at retirement, your spouse's consent will be required to elect an option other than the 50%, 75% or 100% Joint and Survivor Annuity or if you do not name your spouse as beneficiary.

Your spouse's consent must be witnessed by a Retirement Plan representative or notary public and include a statement indicating that your spouse is waiving benefits to which he or she is entitled under the law.

If you die with a remaining benefit payable and the Retirement Plan's Advisory Committee does not have a valid beneficiary designation, or your beneficiary does not survive you, the Advisory Committee will designate a beneficiary in the following order of priority:

1. Your surviving spouse;
2. Your surviving children, including adopted children;
3. Your surviving parents; or
4. Your estate (provided that the Advisory Committee may designate your estate irrespective of this order of priority).

SMALL BENEFIT PAYMENTS

If the total value of your retirement benefit is $1,000 or less, your benefit will be paid as a cash lump sum instead of monthly payments as soon as administratively possible. In this case, no further benefits would be payable from the Retirement Plan.

In the event of a mandatory distribution of the nonforfeitable portion of your benefits payable under the Retirement Plan that is greater than $1,000 but $5,000 or less, if you do not elect to have your distribution paid directly to an eligible retirement plan in a direct rollover or to receive the distribution directly, the Advisory Committee will pay the distribution in a direct rollover to an individual retirement plan designated by the Advisory Committee. In this case, no further benefits would be payable from the Retirement Plan.

MAXIMUM BENEFITS

The Internal Revenue Code has established maximum annual benefits payable under a plan of this type. Currently, the annual maximum of $210,000 (for 2015) is indexed and adjusted for inflation with new maximum levels published each year. The maximum is reduced for benefits that begin before age 62 and for certain optional payment forms. You will be notified if this limit affects your benefit.

In addition, the annual Pensionable Compensation for purposes of determining Average Monthly Compensation in any Plan Year is limited to $265,000 (for 2015), indexed and adjusted for inflation.

IF YOU LEAVE BEFORE RETIREMENT

Even if you leave AVH before you retire, you may still be entitled to a benefit from the Retirement Plan. This plan feature is called vesting and it guarantees that part or all of the retirement benefits you have earned can never be taken away from you.

Your retirement benefit will be based on your Average Monthly Compensation, Years of Credited Service, and Vested Percentage on the day you leave AVH. Benefits can be paid when you reach your Normal Retirement Date or on your Early Retirement Date if you have 10 or more Years of Vesting Service at termination.

You earn one Year of Vesting Service for each Plan Year in which you complete at least 1,000 Hours of Service. The amount of your benefit that is vested depends on how many Years of Vesting Service you have when you terminate employment, as shown below:

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

In addition, you automatically become 100% vested if you are actively employed by AVH on your 65th birthday, regardless of how many Years of Vesting Service you have at that time.

If you leave AVH before earning at least five Years of Vesting Service and before reaching your 65th birthday, you will not be eligible for a retirement benefit from the Retirement Plan. However, you will be eligible to receive a refund of your required member contributions made to the Retirement Plan, plus interest at 4% per annum, compounded monthly.

IF YOU ARE REHIRED

If you leave AVH or if you complete less than 501 Hours of Service in any Plan Year, you will have an interruption in employment called a Break in Service. The number of your Break in Service years and your Years of Vesting Service determine whether you will receive retirement benefits from the Retirement Plan.

If you terminate employment and are later re-employed by AVH, or if you have a Break in Service while employed, you may be eligible to keep your past Years of Credited Service and Vesting Service as follows:

- If you have at least five Years of Vesting Service before you leave, your prior Years of Credited Service and Vesting Service will be reinstated to you after you return and complete one Year of Vesting Service. You begin participation in the Retirement Plan on your reemployment date.

- If you have less than five Years of Vesting Service when you leave, your Vesting Service will be reinstated if you return before you have five consecutive one year Breaks in Service. However, your Years of Credited Service are forfeited when you receive a refund of your required member contributions at the time your employment terminates. Upon your re-employment, (1) you begin participation in the Retirement Plan on your reemployment date and you begin to accrue Years of Credited Service, and (2) your Vesting Service is reinstated after you complete one Year of Vesting Service.

- If you have less than five Years of Vesting Service when you leave and you have five or more consecutive one year Breaks in Service, you will lose all your prior Years of Credited Service and Vesting Service. You will be treated as a new employee and will be eligible to participate in the Retirement Plan on the January 1 or July 1 after you complete at least 1,000 Hours of Service after your reemployment date.

For example, if you have four Years of Vesting Service when you leave and return three years later, you keep all prior Years of Credited Service and Vesting Service as soon as you complete one Year of Vesting Service after your rehire. But, if you are gone six years, you will lose all prior Years of Credited Service and Vesting Service. This is because your Break in Service (six years) is longer than five consecutive years.

IF YOU RETURN AFTER RETIREMENT

In general, if you return to employment prior to your Normal Retirement Date, any benefit payments you are receiving will cease on your reemployment date. You will commence active participation in the Retirement Plan and will again accrue credited service and be subject to the member contribution requirement. Your Retirement Plan benefit will be adjusted for any additional credited service you earn following your reemployment and will be reduced by the actuarial equivalent of any payments you received under the Retirement Plan prior to your reemployment.

If you return to employment after your Normal Retirement Date, subject to special PEPRA reinstatement rules, it may be possible for you to continue to receive your benefit payments under the Retirement Plan.

The PEPRA rules regarding reinstatement are complex and you should contact the Human Resources Department if you are considering a return to employment with AVH following your retirement.

PRE-RETIREMENT SURVIVOR ANNUITY

If you die before retirement benefits begin, the Retirement Plan may pay a pre-retirement survivor annuity to your spouse. To quality for this benefit, you must meet the following conditions:

1. You are vested;
2. You have been married for at least one year before your death; and
3. Retirement benefits have not yet started.

If you die after you are eligible for early retirement (age 55 and 10 Years of Vesting Service), whether you are still employed by AVH or have terminated employment, the Retirement Plan will pay your spouse a monthly benefit equal to 50% of the benefit you would have received had you retired on the date of your death and elected the 50% Joint and Survivor Annuity. Payments to your spouse will begin on the first of the month following your death and will continue for your spouse’s lifetime.

If you die on or before you are eligible for early retirement, the Retirement Plan will pay your spouse a monthly benefit equal to 50% of the benefit you would have received had you separated from service on the date of your death, survived to your Early Retirement Date (or Normal Retirement Date if you had less than 10 Years of Vesting Service), and died the day after your Early Retirement Date (or Normal Retirement Date if you had less than 10 Years of Vesting Service).

DISABILITY BENEFIT

If you become Totally and Permanently Disabled and are fully vested in your Accrued Benefit under the Retirement Plan, you may elect to receive a disability benefit equal to the Actuarial Equivalent of your Accrued Benefit determined as of the date you separated from service due to your disability. Disability benefits payable from the Retirement Plan are subject to certain adjustments as follows:

1. If you are between age 55 and 65, and you completed at least 10 Years of Vesting Service at the time you become Totally and Permanently Disabled, then certain early retirement factors are applied to actuarially reduce your Accrued Benefit based on your age at the commencement of your disability benefit.

2. If you are under age 55 but you completed at least 10 Years of Vesting Service at the time you become Totally and Permanently Disabled, then certain early retirement factors are applied to reduce your Accrued Benefit to age 55, then the Actuarial Equivalent of your reduced Accrued Benefit is calculated based on your age at the commencement of your disability benefit.

3. If you are under age 65 and you have not completed at least 10 Years of Vesting Service at the time you become Totally and Permanently Disabled, then the Actuarial Equivalent of your Accrued Benefit is calculated based on your age at the commencement of your disability benefit.

FELONY FORFEITURE RULE

Under PEPRA, your benefits under the Retirement Plan are at risk if you are convicted of a felony for conduct arising out of your performance of duties with AVH or in connection with obtaining compensation or benefits from AVH. This forfeiture rule also applies if you are convicted of a felony involving a child with whom you have contact as part of your duties with AVH.

In the event that the felony forfeiture rule applies, the member in the Retirement Plan shall be required to forfeit benefits accrued from the earliest date of the commission of the felony through the date of the felony conviction, and the member shall no longer be permitted to accrue any benefits under the Retirement Plan.

CLAIMS PROCEDURES

Your Request

Whenever you think you are entitled to a benefit, you must request it in writing. In most cases, no distribution will be made until you (or your beneficiary) request it in writing. This is your responsibility. You may obtain a form to make such a request from the Human Resources Department staff.

You (or your beneficiary, if you have died) may write the Advisory Committee and request a determination with respect to the amounts credited to or deducted from your accounts, or the amounts payable under the Retirement Plan. This request must state the specific determination you wish the Advisory Committee to make.

If your request relates to a notice sent to you by the Advisory Committee, you must make your request within 60 days from the date you received the notice.

Advisory Committee's Response

Within a reasonable time, but not later than 90 days after the receipt of your claim, the Advisory Committee will consider your request and make a decision, unless the Advisory Committee determines that special circumstances require an extension of time for processing the claim. If the Advisory Committee determines that an extension of time for processing is required, written notice of the extension will be furnished to you before the end of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Advisory Committee expects to render its decision. The Advisory Committee will then notify you, in writing, of its decision, stating:

- that the Advisory Committee's determination has been made and that your claim is allowed in full, or
- that the Advisory Committee has denied your claim, in whole or in part.

If your claim is denied, in whole or in part, the Advisory Committee will also:

- explain in detail the reason[s] for its denial;
- set forth the specific provisions of the Retirement Plan on which the Advisory Committee based its denial;
- describe in detail the additional material or information, if any, that you may submit that would perfect your claim, and explain why it is necessary; and
- give you an explanation of the claim review procedure and applicable time limits described below.

Claim Review Procedure

Within 60 days after you receive a notice from the Advisory Committee that your claim was denied, in whole or in part, you or your authorized representative may file with the Company's Board of Directors (the "Board") a written request for a review of that denial.

Within the next 30 days, you or your representative may review pertinent documents, submit written comments and other documents, and/or request a hearing. The Board may, in its discretion, grant or deny such a request for a hearing. You will also be provided, upon written request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim. The Board's review will take into account all comments, documents, records, and other information you submitted relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination by the Advisory Committee.

Decision After Review

The Board will render its decision within a reasonable time, but not later than 60 days after the receipt of the review request. If a hearing or other special circumstance delays the rendering of a decision, a decision will be rendered no later than 120 days from the receipt of the review request. If the Board determines that an extension of time for processing the review is required, written notice of extension will be furnished to you before the end of the initial 60-day period. In no event will the extension exceed a period of 60 days from the end of the initial period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Board expects to render its decision on review.

The Board’s decision shall be in writing, and shall contain in clear language:

- specific reasons for the decision;
- specific references to the pertinent Retirement Plan provisions on which the decision was based;
- a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim; and
- other matters the Board feels are relevant.

QUESTIONS

Should you have any questions regarding the Retirement Plan, your benefits or how to obtain a copy of the Retirement Plan document or any other information or questions, please contact the Human Resources Department staff.