



North Kansas City Hospital
2800 Clay Edwards Drive
North Kansas City, MO
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North Kansas City Hospital Retirement Plan

BENEFITS AT A GLANCE

Eligibility: Any permanent employee of North Kansas City Hospital who has completed one (1) year of service and meets the age criteria (age 21) will be eligible to participate in the Hospital's retirement plan. A permanent employee is described as any employee who is classified as full time, part time, part time on call, or PRN.

Enrollment: Is automatic. You join the Plan on January 1 after attaining age 21 and completing one (1) year of service. One (1) year of service is described as the 12-month period that begins the Plan Year of January 1 through December 31 in which you receive pay, for at least 1000 hours.

Cost: The Hospital pays the entire cost of the plan.

Vesting: You are vested (entitled to a pension benefit) if you have 5 years of Vesting Service or reach age 62. A year of Vesting Service is any calendar year in which you receive pay and are credited with at least 1000 hours of Vesting Service.

Normal Retirement Date: Your normal retirement date is the first of the month following your 65th birthday.

Early Retirement Date: Once you are vested, the earliest you may receive any benefit from the plan is the date you reach age 55 and have at least 10 years of Continuous Service, or age 62 regardless of your years of Continuous Service. If you retire early, your monthly benefit will be reduced because payments begin at a younger age and are paid for a longer period of time. The percentage is based on the number of years you retire early. "Continuous Service" shall mean the number of years of service from your first date of employment to your separation date.

Insurance Continuation: You may continue your coverage until the first of the month in which you reach age 65 provided you have been enrolled in the Hospital's medical, dental and/or vision plan for at least the five consecutive years prior to retirement. You must retire from the Hospital and start taking retirement pay immediately.

Retiree health, dental and vision coverage will be identical to the health, dental and vision coverage offered to active employees. As a retiree, you will be required to pay Retiree premiums for the benefits. The rates are subject to change January 1st of each year.

The Hospital (at its sole discretion) reserves the right to any time to change, modify, or discontinue the retiree medical, dental and/or vision coverage. Acceptance and enrollment in the retiree medical, dental, and vision coverage is only for so long as the Hospital chooses to continue the Plan for active employees, you make required contributions in the amount determined by the Hospital, and you have not become entitled to coverage by Medicare.

Pension Benefit Calculation: As you work for the Hospital, you earn your pension benefit. This is a career reward plan. This earned benefit will grow with your age, length of service, and pay. The formula used to calculate your earned benefit at any time is:

Employees hired prior to 1/1/2005:	1.35% of your average monthly pay up to one-twelfth of your covered compensation; average monthly pay is the average of your highest pay for three consecutive calendar years	Plus	2.00% of your Average Monthly Compensation in excess of one-twelfth of your covered compensation	Multiplied by	Your years of credited benefit service.	Equals	Your benefit offered as a monthly benefit or a lump sum benefit.
Employees hired 1/1/2005 and after:	.90% of your average monthly pay up to one-twelfth of your covered compensation; average monthly pay is the average of your highest pay for five consecutive calendar years	Plus	1.40% of your Average Monthly Compensation in excess of one-twelfth of your covered compensation	Multiplied by	Your years of credited benefit service.	Equals	Your benefit offered as a monthly benefit or a lump sum benefit.

** Your covered compensation is the average of the Social Security taxable wages bases in effect for each calendar year for the 35 years preceding age 65.

If you retire after age 65, you will receive the greater of your benefit calculated using the above formula or the benefit you earned at age 65, increased by a percentage based on the number of years worked after age 65.

Disability Benefit: If, while an active employee, you become totally disabled and receive a Social Security disability award, you will be entitled to receive a monthly disability payment equal to your earned benefit, payable until age 65, death, or recovery. You must be an active employee at the time you receive your Social Security award. Receipt of this disability benefit does not affect your retirement benefits payable at your normal retirement date.

Death Benefit: If you die before you retire, a death benefit will be paid to your designated beneficiary. In the absence of a named beneficiary, payment will be made on a hierarchy basis, i.e. spouse first, children second, etc. Payment made to a spouse will be treated as a pension benefit and must follow applicable pension options. All other beneficiaries receive a single lump sum benefit.

Annual Benefit Statement: Every year you will be provided a comprehensive benefit statement that outlines your current benefits.

Retirement Procedure: Begin the pension distribution by calling the Retirement Transition Service counselors with Transamerica, 888-976-8196 2-3 months prior to last day worked. You may also initiate the retirement process online at mypension.trretire.com.

NKCH Human Resources: You are required to give your department manager a minimum of two weeks' notice. Human Resources must have 6-8 weeks' notice in order to prepare the final payroll and benefit documents. If you retire, you will be paid your accrued but unused PTO and STD hours. These hours may be deferred to a qualified VOYA account or paid in cash, subject to normal payroll taxes. Medical Leave (ML) hours are not eligible for payment at retirement.

Call NKCH Human Resources if you have any questions. 816-691-2062.

This is intended as an outline of plan provisions and does not alter the intent or meanings of the provisions contained in the plan document.

FREQUENTLY ASKED QUESTIONS ABOUT RETIREMENT

The following information pertains to North Kansas City Hospital's retirement plan as presently stated. The hospital reserves the right to restate the retirement plan and make amendments as necessary.

Q. THERE ARE MANY DIFFERENT TYPES OF RETIREMENT PLANS. WHAT KIND OF RETIREMENT PLAN DOES NORTH KANSAS CITY HOSPITAL HAVE?

A. North Kansas City Hospital has a **Defined Benefit Plan**. This type of plan contains a formula that "defines", the monthly benefit you can expect to receive at retirement. North Kansas City Hospital funds the entire benefit.

Q. WHAT DETERMINES THE AMOUNT OF RETIREMENT I WILL RECEIVE?

A. Actuaries, experts in the mathematics of retirement plans, determine the amount you will receive by using a defined formula which takes into consideration age, years of credited service, and salary.

Q. WHAT IS A YEAR OF CREDITED SERVICE?

A. A year of credited service is any calendar (January 1 through December 31st) year in which you receive pay, in any combination, totaling at least 1000 hours.

Q. DO I HAVE MY OWN RETIREMENT ACCOUNT?

A. No. Your retirement benefit comes from a trust account to which the Hospital makes regular contributions. - The North Kansas City Retirement Plan- cannot be used for any other purpose, and is administered by a financial institution. Your benefit is calculated by the Hospital's actuarial firm at the time of your retirement. You will receive your portion of the Hospital's retirement fund when you retire.

Q. CAN MY RETIREMENT BENEFIT BE ATTACHED BY CREDITORS?

A. No. Because the fund actually belongs to the retirement trust, a lien cannot be placed on your retirement benefit. Also, your retirement benefit is not considered an asset and therefore cannot be used as collateral when applying for a loan.

Q. DO I HAVE TO ENROLL?

A. No, you are automatically enrolled in the plan the first of the year following one completed year of service provided you are age 21 or older.

Q. WHAT DOES VESTED MEAN?

A. Vested means that you will be entitled to a pension benefit when you have reached age 65. Under our plan you will be vested after working 5 years. Remember, a year of Vesting Service is 1000 hours of pay in a calendar year (Jan.1 to Dec. 31). You are automatically vested when you reach age 62 regardless of your Vesting Service.

Q. WHAT WILL HAPPEN TO MY PENSION BENEFIT IF I AM VESTED BUT LEAVE THE HOSPITAL PRIOR TO BECOMING ELIGIBLE FOR RETIREMENT?

A. It will stay in the Hospital's pension fund until you become eligible to receive it. You are eligible for reduced benefits at age 55 provided you have 10 years of Continuous Service with the Hospital. If you have less than 10 years of Continuous Service, the earliest you may draw your benefit is at age 62. Your normal pension retirement age is 65.

Q. WILL IT BE EARNING INTEREST?

A. No. Remember, the fund belongs to the retirement trust. The fund itself is earning interest. This keeps the fund solvent and helps offset part of the Hospital's contribution to the plan. You do not have an account, but instead, are entitled to a portion of the fund. Your portion of this fund is determined by age, years of service, and salary.

Q. EVEN THOUGH I NO LONGER WORK FOR THE HOSPITAL WILL I CONTINUE TO RECEIVE BENEFIT STATEMENTS?

A. You will receive one final statement the year following the year in which you leave the Hospital. The law states that one final statement must be sent to employees by July of the year following their termination. No other statements will be sent unless you specifically make such a request. Keep this final statement with your important documents.

Q. IF THE HOSPITAL CLOSES, WILL I LOSE MY PENSION BENEFIT?

A. Federal law requires that all qualified pension plan assets be held in trust. The fund is separate from other Hospital assets and can be used ONLY for the benefit of plan participants and their beneficiaries.

Q. WHEN WILL I BE ELIGIBLE TO RETIRE?

A. Normal retirement age is 65; however, you may retire early and receive a reduced benefit. The earliest you may retire is at age 55 with 10 years of Continuous Service. If you do not have 10 years of Continuous Service, the earliest you may retire is at age 62.

If you take an early retirement, your accrued benefit will be paid over a longer period of time. The following table shows the factors used to calculate an early retirement benefit:

Age at Retirement	Percentage of Accrued Benefit You Will Receive
65	100%
64	93.33%
63	86.67%
62	80.00%
61	73.33%
60	66.67%
59	63.33%
58	60.00%
57	56.67%
56	53.33%
55	50.00%

Q. WILL I HAVE ANY CHOICE AS TO HOW I MAY RECEIVE MY BENEFIT?

A. Yes.
Description of Optional Forms of Payment

Life Only

If you elect this form of annuity, you will receive payments for your life only. This will be a higher amount than any Joint and Survivor Option, but payments will cease upon your death. There will be NO CONTINUING BENEFITS to any beneficiary including your spouse.

Joint and 50% to Survivor

If you elect this form of annuity you will receive an actuarially reduced monthly amount for life and, after your death your survivor will receive a monthly income for life equal to 50% of the amount that you had been receiving.

Joint and 66 2/3% to Survivor

If you elect this form of annuity you will receive an actuarially reduced monthly amount for life and, after your death your survivor will receive a monthly income for life equal to 66 2/3% of the amount that you had been receiving.

Joint and 100% to Survivor

If you elect this form of annuity you will receive an actuarially reduced monthly amount for life and, after your death your survivor will receive a monthly income for life equal to 100% of the amount that you had been receiving.

Life and 5 Year Certain

If you elect this form of annuity, you will receive payments for your life. If you die within 5 years, the remaining payments will be paid to the beneficiary you have designated and that beneficiary will receive the same benefit amount for the remainder of the 5 year period.

Life and 10 Year Certain

If you elect this form of annuity, you will receive payments for your life. If you die within 10 years, the remaining payments will be paid to the beneficiary you have designated and that beneficiary will receive the same benefit amount for the remainder of the 10 year period.

Life and 15 Year Certain

If you elect this form of annuity, you will receive payments for your life. If you die within 15 years, the remaining payments will be paid to the beneficiary you have designated and that beneficiary will receive the same benefit amount for the remainder of the 15 year period.

Lump Sum

If you elect this optional form, you will receive a single payment that consists of the total present value of your Accrued Benefit. This present value is calculated using actuarial factors (mortality and interest rates) that make the lump sum payment equal in value to your annuity payout options.

Q. CAN I CHANGE MY BENEFIT ELECTION AFTER I HAVE RETIRED?

A. Once benefits begin your decision may not be revoked under any circumstance. If your beneficiary should predecease you, no other beneficiary may be named.

Q. CAN I TAKE MY PENSION IN A LUMP SUM?

A. Yes. However, unless you roll it over into a qualified retirement account, your distribution will be subject to a 20% income tax withholding. You will be provided tax information at the time you receive your quote. It is highly recommended that you consult a financial planner or tax expert when making your benefit decision.

Q. CAN I CONTINUE MY HEALTH, DENTAL AND VISION INSURANCE AFTER I RETIRE?

A. You may continue your insurance until the first of the month in which you reach age 65 provided you have had the insurance for 5 consecutive years prior to retirement. You will pay the retiree rates for coverage.

To be eligible for retiree medical and dental coverage, you must retire from the Hospital and start taking retirement pay immediately. Also at the time of retirement, you must have been enrolled in the Hospital's medical and/or dental plan for at least the five previous years in order to continue receiving the benefits.

Retiree health, dental and vision coverage will be identical to the health, dental and vision coverage offered to active employees.

As a retiree, you will be required to pay Retiree premiums for the benefits. The rates are subject to change January 1st of each year.

The Hospital (at its sole discretion) reserves the right to any time to change, modify, or discontinue the retiree medical and dental coverage. Acceptance and enrollment in the retiree medical, dental, and vision coverage is only for so long as the Hospital chooses to continue the Plan for active employees, you make required contributions in the amount determined by the Hospital, and you have not become entitled to coverage by Medicare.

Q. IF I LEAVE THE HOSPITAL WITHOUT RETIRING AND RECEIVE MY RETIREMENT AT A LATER DATE, WILL I BE ELIGIBLE TO JOIN THE HOSPITAL'S MEDICAL, DENTAL AND VISION INSURANCE PLANS?

A. No. You must actually retire from the hospital to receive a continuance of insurance benefits.

Q. IS THERE AN ADVANTAGE TO RETIRING AT THE END OF THE YEAR VERSUS MID YEAR?

A. Since all personal and financial situations are different, it is highly recommended that you consult a financial planner to determine what is best for you.

Q. I'M MANY YEARS AWAY FROM RETIRING BUT I WANT TO MAKE SURE I WILL BE ABLE TO AFFORD IT WHEN THE TIME COMES. HOW SHOULD I PLAN FOR THIS?

A. It is best to consult a professional financial planner early in your career.

Q. WHAT IF I WERE TO DIE BEFORE I AM ABLE TO RETIRE?

A. Your pension value will be calculated as of the date of your death. It will be payable to the beneficiary you have designated. Certain tax implications may apply.

Q. WHAT IF I BECOME DISABLED?

A. If you become disabled while an active employee and you are awarded a Social Security disability payment, you are eligible to receive monthly disability payments from the Hospital's retirement plan. You do not need to be vested, but you must be a participant in the plan. The plan will pay your accrued disability pension benefit while you are disabled. A current calculation will be made to determine the amount of your benefit. Your pension disability benefit will be effective at the same time as your Social Security award. You will receive this benefit until you are no longer disabled or reach your normal pension retirement date. This benefit applies only to active employees and does not affect your actual retirement benefit.

Q. WHAT HAPPENS TO MY BENEFIT IF I GET A DIVORCE?

A. Your pension benefit is considered part of your marital assets and must be reported as such. Your ex-spouse may be awarded a portion of your accrued pension benefit under a Qualified Domestic Relations Order (QDRO). During divorce proceedings, you may be asked to supply information regarding your pension. Contact Transamerica for the present value of your retirement benefit to produce for the court.

Q. I KNOW THAT I WILL BE PAID MY UNUSED SHORT TERM DISABILITY (STD) HOURS IN ADDITION TO MY PTO HOURS WHEN I RETIRE. WHAT IF I LEAVE THE HOSPITAL AND THEN TAKE MY RETIREMENT BENEFIT AT A LATER DATE. WILL I STILL BE ELIGIBLE TO RECEIVED MY UNUSED STD?

A. If you leave the hospital without actually retiring, you are considered an employee who has resigned, rather than retired, and will not receive your unused STD hours.

Call NKCH Human Resources if you have any questions. 816-691-2062.



RETIREMENT PLAN

LUMP SUM PAYMENT CALCULATION EXPLANATION

The NKCH RETIREMENT PLAN is designed to provide participants with a monthly benefit at retirement, payable for their lifetime. The benefit is determined based upon a "formula" that takes into account both the number of years a participant has worked at NKCH and the level of pay a participant has received from NKCH.

Each year, a participant earns a credit towards their ultimate benefit and after 5 years of service, a participant is "vested" in that benefit. This means that a benefit is payable when the employee is eligible to start the benefit -- it's called an accrued vested benefit.

At retirement, effective the first day of the month after the employee's separation date, an employee is given the option to take their benefit in one of a number of forms, a:

- monthly benefit for their life;
- benefit payable to the employee (retiree) and continuing to their spouse in the event of the retiree's death;
- benefit with an amount guaranteed over a specific period of time; or a
- lump sum.

Each of these "optional forms" is determined based upon what is called "actuarial equivalence". That means, each benefit is worth approximately the same - even though each form varies in amount and duration.

When a lump sum payment is selected, the calculation required to determine the "value" of the benefit factors in a retiree's life expectancy as well as prevailing interest rates. When interest rates are low, the lump sum is bigger. That's because, with a lower return, it takes a "bigger pot" of money to generate the same amount of income one would get with a lifetime of monthly payments. But, when interest rates are high, the retiree's lump sum is smaller. Each year, these rates change based upon current market conditions.

Lump-sum calculations are determined using blended rates based on corporate bonds. Three levels of interest rates (segmented rates) are used to determine the lump sum -- in 2018 these rates were 1.93%, 3.57% and 4.36%. For 2019 these rates have changed to 3.15%, 4.20% and 4.47%.

So, while an employee's accrued vested benefit remains the same or grows with each passing year, the lump sum can vary in value from one year to the next.