

**NOTICE TO PARTICIPANTS**  
**November 5, 2018**

Dear Participant:

This notice includes important information about the status of your retirement benefits under the St. Joseph Health Services of Rhode Island Retirement Plan (the “Plan”). As you may know, the Plan is severely underfunded. In other words, the Plan’s liabilities exceed the value of its assets by a significant amount. Although the Plan has enough money to continue paying benefits for a number of years, the Plan will eventually run out of money if nothing is done to improve its current financial condition. Absent a better solution, the Court-appointed Permanent Receiver, as your Plan Administrator (“Plan Administrator”), may need to cut benefits.

It is without question that a reduction in benefits payable to retirees and their beneficiaries is the least desirable solution to the Plan’s funding crisis. In an attempt to avoid that result, your Plan Administrator is participating in lawsuits in the federal and state courts against several defendants, including some of the Plan’s prior sponsors and service providers. The litigation involves an important issue relating to the Plan’s classification by its prior sponsors as a “Church Plan” (defined below) exempt from the requirements of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Your Plan Administrator believes that the Plan does not qualify as a Church Plan and that it ceased to qualify for that status during some prior year (possibly as early as 2009 or even earlier).

If the Court agrees that the Plan is not a Church Plan, then ERISA will probably apply to the Plan, and your Plan Administrator may be able to avoid cutting benefits, which is not permitted under ERISA. For more information about the ongoing litigation, please review the sections of this Notice titled “**Description of the Litigation**” and “**Coverage by the Pension Benefit Guaranty Corporation.**”

**Description of the Litigation**

On June 18, 2018, your Plan Administrator, along with a group of Plan participants on behalf of a class of participants, filed a lawsuit in federal court on behalf of the Plan. The lawsuit challenges the defendants’ decision to classify the Plan as a Church Plan exempt from ERISA. The Plan claimed to have been maintained and administered as a Church Plan since its inception. Your Plan Administrator argues that the Plan is ineligible for Church Plan status. (These same plaintiffs are also participating in two lawsuits in state court seeking to recover money if, or regardless of whether, the Plan is not exempt from ERISA.)

As background, ERISA is a federal statute that protects the interests of retirement plan participants and their beneficiaries. Every employer-sponsored defined benefit pension plan is an ERISA Plan, unless it qualifies for one of the limited exceptions to ERISA coverage. ERISA requires employers and plan fiduciaries to comply with a variety of rules and standards of conduct. For example, ERISA requires employers to contribute a minimum amount of money to their ERISA Plans each year to ensure adequate funding. Certain plans are exempt from ERISA coverage, including Church Plans. A “Church Plan” is generally defined under Section 414(e) of the Internal Revenue Code (the “Code”) as a plan that is “established and maintained by a church or convention or association of churches” for their employees.

Your Plan Administrator does not argue that ERISA has always applied to the Plan. Instead, the federal lawsuit alleges that the Plan ceased to qualify as a Church Plan during some prior year – possibly as early as 2009 or even earlier, but by no later than 2017 – in connection with a series of corporate transactions involving the defendants. The federal lawsuit asks the Court to decide whether the Plan is a Church Plan or an ERISA Plan. If the

Court agrees that the Plan is an ERISA Plan, the Court will then determine the date on which ERISA first applied to the Plan. The federal lawsuit also asks the Court and/or a jury to decide whether the defendants committed fraud, breaches of fiduciary duty, or the like. (Similar claims to these latter claims are also asserted in the state court. For more information, please see the court documents available on the Plan Administrator's website.)

The Court's decision about ERISA coverage may ultimately have a significant impact on your rights as a participant. For example, if the Plan can be established to be an ERISA Plan, then your benefits may be insured by a government agency, known as the Pension Benefit Guaranty Corporation ("PBGC"). A general description of the PBGC's termination insurance program is provided below.

#### **Coverage by the Pension Benefit Guaranty Corporation**

Defined benefit plans subject to ERISA are typically covered by a termination insurance program administered by PBGC. PBGC is a federal agency created by ERISA to protect the rights of participants to receive their accrued benefits. PBGC is essentially a government-mandated insurance company. PBGC acts as an insurance company that guarantees payment of benefits to participants of an ERISA-covered plan and requires employers to pay annual premiums in exchange for that guarantee. If a Plan covered by PBGC terminates without enough money to pay all benefits, PBGC usually takes over the plan and pays pension benefits through its insurance program. Most participants and beneficiaries receive all of the pension benefits that they would have received under their plan, subject to certain maximum limits.

PBGC coverage may or may not be available in this situation.