

Frequently Asked Questions

These FAQs are arranged into three categories:

- A. Retirement Plans - Overarching Comments
- B. Defined Benefit Plan
- C. Defined Contribution Plans - 403(b)s and 401(k)s
- D. Schedule of Employee Information Meetings

A. Retirement Plans - Overarching Comments

Can you give me a high level overview of the changes?

- a. The Retirement Plan for the Employees of Central Maine Healthcare (commonly referred to as either the defined benefit plan or pension plan) is being “frozen” effective March 31, 2011. Employees will not lose any vested benefit earned under the Retirement Plan through March 31, 2011.
- b. The corporate 403(b) plan administered by Nationwide is continuing.
- c. Bridgton Hospital’s 401(k) plan administered by Lincoln will be terminated and employees’ funds will be moved into similar types of funds within the Nationwide 403(b) plan.
- d. AHS’s and CMCA’s 401(k) plan administered by Diversified will have employees’ funds moved into similar types of funds within a Nationwide 401(k) plan.
- e. For those involved in the Nationwide plans at CMMC, CMH, AHS, CMCH, CMCA, Rumford Hospital and Bridgton Hospital, CMH will begin awarding a one-to-one match (up to 2.5% of gross earnings) effective July 3, 2011 (and reflected in the July 21, 2011 paycheck).
- f. Employees who are participants in the existing defined benefit plan as of March 31, 2011 who satisfy the following two requirements: 1) born before April 1, 1961 and 2) employed continuously since April 1, 1991 will be eligible for an additional one-to-one match of 3% of gross earnings (up to a total of 5.5% of gross earnings) effective July 3, 2011 (and reflected in the July 21, 2011 paycheck). This higher maximum match of 5.5% of gross earnings will continue for the next five years and end on June 30, 2016.

What are the changes specific to me if I am a Full-Time or Regular Part Time employee at:

CMMC, Rumford Hospital, CMCH or the CMH Parent Corporation

- On-site meetings with much more detailed information will occur in late February and early March.
- The defined benefit plan will be frozen effective March 31, 2011.
- Effective July 3, 2011, you will be eligible for a new defined contribution 403(b) plan with an employer match contribution.
- The employer match will be one-to-one up to 2.5% of your gross earnings. If you were born before April 1, 1961 and have been employed continuously since April 1, 1991, the employer match will be one-to-one up to 2.5% plus an additional 3%, or a maximum match of 5.5%, of your gross earnings for the next 5 years. Thereafter the match will change to one-to-one up to 2.5% of gross earnings.
- Effective July 3, 2011, the waiting periods for receiving the employer-match will be eliminated.
- Your vesting schedule will now reflect 20% for each full or partial year of continuous employment.
- All continuous years of service to date will be credited towards the new 403(b) vesting percentage, so if you have been employed continuously since before 7/3/07, you are already 100% vested in the employer match contributions.

Bridgton Hospital

- On-site meetings with much more detailed information will occur in late February and early March.
- Your defined contribution 401(k) plan through Lincoln will be terminated and the Nationwide defined contribution 403(b) plan started simultaneously.
- Your funds in the 401(k) plan administered by Lincoln will be moved into similar types of funds within the Nationwide funds.
- Effective July 3, 2011, the waiting periods for receiving the employer-match will be eliminated.
- Your vesting schedule will now reflect 20% for each full or partial year of continuous employment.
- All continuous years of service to date will be credited towards the new 403(b) vesting percentage, so if you have been employed continuously since before 7/3/07, you are already 100% vested in the employer match contributions.

AHS or CMCA

- On-site meetings with much more detailed information will occur in late February and early March.
- The defined benefit plan will be frozen effective March 31, 2011.
- Effective July 3, 2011, you will be eligible for a new defined contribution 401(k) plan with an employer match contribution.
- CMH's match will be one-to-one up to 2.5% of your gross earnings. If you were born before April 1, 1961 and have been employed continuously since April 1, 1991, the employer match will be one-to-one up to 2.5% with an additional 3% of your gross earnings for the next 5 years. Thereafter the match will change to one-to-one up to 2.5% of gross earnings.
- Effective July 3, 2011, the waiting periods for receiving the employer-match will be eliminated.
- Your vesting schedule will now reflect 20% for each full or partial year of continuous employment.
- All continuous years of service to date will be credited towards the new 403(b) vesting percentage, so if you have been employed continuously since before 7/3/07, you are already 100% vested in the employer match contributions.

How do the main plan variables of the current Defined Benefit Plan compare to what we will receive with the new Defined Contribution Plans?

Plan Variable	Defined Benefit Plan Design	New Defined Contribution Plan Design
Formula	1.2% x years of service x average pay of the highest five years of the last ten years of employment payable as an annuity at normal retirement age	One-to-one employer match to employee contributions up to 2.5% of gross earnings and up to 5.5% of gross earnings for older, longer tenured employees for a period of 5 years (subject to IRS nondiscrimination requirements)
Eligibility to participate	After 1 year of employment, any employee working 1,000+ hours/year and from a covered location	1 st day of employment with no waiting period for employer match for any FT or RPT employee. Per diems are not eligible for an employer match
Employee contributions	Employee contributions are required to accrue benefits in the plan. These contributions are approximately 1.75% of each employee's previous year's income	Employee contributions are required to receive any employer match
Investment oversight	Employer and administrator oversee investment choices with no employee input. Investment decisions reside with the employer	Investment decisions reside with the employee. Each employee can decide whether to invest in a conservative, moderate or aggressive fashion. Sagemark Consulting will be available to assist employees
Vesting for employer contributions	0% vested for first 5 years of service then 100% vested.	Vested 20% per year or partial year of employment from hire
Portability	Employees who leave CMH employment prior to retirement have the option of removing their employee contributions plus interest. A lump sum payout of the employer provided portion is not allowed	Employees who leave CMH employment prior to retirement have the option of rolling their account into a future employer's retirement plan or into an IRA
Statement availability	Statements typically issued annually	Statements are issued quarterly and funds may be monitored and adjusted continuously via online account
Access during retirement and Beneficiary implications	Once the pension begins, it continues for life. Alternative payment options to provide income protection to a surviving spouse, if applicable. Normally all payments stop at the time of death (unless the surviving spouse option is selected)	Once a person retires, withdrawals can be made to supplement retirement income. Any funds not withdrawn at the time of death will belong to the named beneficiary

B. Defined Benefit Plan

The following are answers to questions that you may have about the Retirement Plan for Employees of Central Maine Healthcare Corporation (also known as the defined benefit plan, or pension plan).

1. What is changing with the defined benefit plan for employees of Central Maine Healthcare Corporation (CMH)?

Effective March 31, 2011, we are permanently “freezing” the defined benefit plan and excluding from participation any employees who aren’t currently enrolled. This means that after March 31, 2011, you will no longer earn any additional benefits under the defined benefit plan and no new participants will join the plan. **You will not lose any vested benefit earned under the defined benefit plan through March 31, 2011.** In fact, if you are not yet vested, you will continue to earn service under the defined benefit after March 31, 2011 for purposes of meeting the five-year vesting requirement and eligibility for early retirement, as long as you remain employed with CMH and do not withdraw your employee contributions prior to becoming vested.

2. What does “freezing the defined benefit plan” mean?

It means you will no longer earn service or pay accruals under the defined benefit plan after March 31, 2011. The service and pay you have earned as of March 31, 2011 will be the service and pay used to calculate your retirement benefit when you retire or leave CMH.

3. Is CMH going to offer anything in place of the defined benefit plan?

All eligible employees, including current defined benefit plan participants, will move to a new, enhanced defined contribution 403(b)* plan provided by Nationwide effective July 3, 2011. There will be a series of meetings available for employees and their dependents to learn more about this new defined contribution retirement investment plan during the end of February and beginning of March 2011. Also, Sagemark representatives will be available to meet one-on-one and to assist employees in making choices and completing paperwork, etc.

**Employees of our for-profit organizations will participate in a defined contribution 401(k) plan provided by Nationwide beginning July 3, 2011.*

4. Why is CMH “freezing” the defined benefit plan?

The changes to our retirement plan will better align our benefit offerings with current industry trends and provide a higher level of predictability with regards to our future funding requirements. CMH is not alone in making this type of change. More and more companies and healthcare organizations are offering account-based plans — with many choosing not to continue defined benefit pension plans. In fact, less than half of all Fortune 1000 companies now offer this type of retirement plan.

5. Why is there no partial credit towards years of service under the defined benefit plan for 2011?

The cost of providing partial credit for hours worked in 2011 in the defined benefit plan, funding the current shortfall in the defined benefit plan and providing an employer match in the defined contribution plan in 2011 is not affordable in our current financial situation.

6. I was hired four years ago and have been in the defined benefit plan for three years. I realize the plan had five-year cliff vesting. Can I withdraw my employee contributions now?

Any employee has the ability to request a withdrawal of employee contributions plus interest at any time. However, even though you are not vested now, that doesn’t mean you never will be. If this happens to be the fourth anniversary of your hire at CMH, you will most likely become vested one year from today. If you withdraw your contributions now, you will never become vested in the defined benefit and would not receive a pension payment in your retirement (meaning that you will not be able to take advantage of the employer-provided benefit earned prior to the freeze of the plan).

7. I was hired 10 years ago and have been in the defined benefit plan for nine years. I know I am vested in the Plan. Can I withdraw my employee contributions now?

Any employee has the ability to request a withdrawal of employee contributions plus interest at any time. Please realize the annual statements you have received in the past have indicated your “earned” pension. This calculation included the value of your employee contributions. If you withdraw your contributions, the pension you would receive after retirement would be reduced to reflect that withdrawal. Additionally, the majority of your withdrawal would become taxable and possibly penalized (or would need to be rolled to an IRA). Finally, if rolled to an IRA, please be aware that future market conditions might jeopardize part of that investment.

8. I was hired 25 years ago, am over age 65, and am continuing to work at CMH. Can I begin my monthly pension or must I wait until I leave employment?

The defined benefit plan was amended to allow those over age 65 with at least five years of service to both continue to work here (even full-time) and start to collect their monthly pension check simultaneously. If you have interest or questions on this option, please contact Jerry Marstaller in Human Resources.

9. Does this pension freeze affect former employees, including retirees?

No, those retirees currently receiving monthly pension checks and those who have previously separated service from CMH will not be affected. In fact, their individual benefits are already frozen.

10. When will CMH stop deducting my defined benefit employee contributions from my check? How and when will I get back the contributions I have made thus far in 2011?

Your last pension employee deduction will be taken after taxes from your paycheck on March 31, 2011. In that same paycheck, you will have that deduction as well as all other pension deduction amounts withheld in 2011 returned to you in the form of a tax free credit to your paycheck.

11. Should I be concerned that if finances were to worsen even more for CMH that I could lose my pension benefits altogether and have no pension checks when I retire?

No, you should not be concerned. The CMH defined benefit plan is insured and guaranteed by the Pension Benefit Guaranty Corporation, a U.S. government agency (www.pbgc.gov).

If our defined benefit plan were ever to be “terminated” in the future, which is different than freezing the plan as we are doing on March 31, 2011, the PBGC guarantees “basic benefits” earned before your plan’s termination date, which include pension benefits at your normal retirement age, as well as most early retirement benefits and annuity benefits for survivors of plan participants.

12. My spouse and I have many questions. Is there someone we can sit down with to discuss our questions?

Yes, you are welcome to schedule an appointment with Jerry Marstaller in Human Resources by phone at 795-2391 or by email to marstall@cmhc.org. We will accommodate meetings as quickly as possible, but please be patient as we will be working with thousands of employees that may have questions. We will accommodate requests at the earliest possible dates.

C. Defined Contribution Plans

1. Who at CMH will be offered the new defined contribution employer matching plans?

The new plans will be offered to all full-time and regular part-time employees of CMH parent, CMMC, Bridgton Hospital, Rumford Hospital, AHS, CMCH and CMCA.

2. What is vesting and what will be the vesting schedule for the defined contribution plans?

Vesting is a term to indicate how much of the “employer match” contributions you are entitled to at a point in time. You are always 100% vested in your own contributions. Following is the schedule for the employer match vesting:

Year of Employment	% of Employer Match \$s Vested
Hire – 1	20%
1 – 2	40%
2 – 3	60%
3 – 4	80%
4+ Years	100% - fully vested

Note: Your current length of service counts towards the above vesting schedule. So, if you were hired prior to July 3, 2007, you will immediately be 100% vested in any employer matches going forward.

3. Why do some employees receive a higher employer match in the new defined contribution plans?

We are providing a higher match to older employees because they have less time to make the necessary adjustments to prepare for retirement as a result of the defined benefit plan freeze. Due to budget considerations we have also included service criteria for this higher match. This group is also closest to retirement and more fully relying on the anticipated annuity from the defined benefit plan. A younger person has more years to prepare for retirement and is apt to be more aggressive in their fund selections.

4. Are new hires immediately eligible for the defined contribution plan?

Yes. New hires may join the plan and begin employee contributions immediately. If employed full-time or regular part-time (20+ hours) by an eligible subsidiary, the one-to-one employer match will begin simultaneously with the first payroll deduction on or after July 21, 2011. One of the major attractions of converting to a defined contribution plan is that we will be able to encourage our employees to save earlier in their time with CMH, and allow them to make their own investment elections.

5. Are per diem employees eligible to receive the employer match?

No. Although per diem employees are eligible and encouraged to begin making employee contributions to a defined contribution plan, no employer matching contribution will be offered. As always, if an opportunity arises for a per diem employee to be hired by CMH as a full time or regular part time person, we welcome the opportunity to extend our full suite of benefits, including the employer match, at that time.

6. Will the 2.5% employer matching contribution ever increase or decrease?

CMH will continue to monitor all retirement contributions to determine if any changes are necessary and feasible. In addition, there may be instances where the employer match may need to be limited to comply with IRS rules. For the immediate future, CMH will need to continue funding the frozen defined benefit plan. Once that plan reaches full funding status, consideration will be given to making adjustments to the defined contribution employer match. Additionally, another feature of a defined contribution plan is the possibility of an additional employer contribution into the accounts.

7. I have heard the new plan will have Auto Enrollment. What is that?

Auto enrollment is a very common and recommended practice in defined contribution plans. All employees who do not waive participation in the plan are enrolled into it at a default level of 2.5% employee contribution which would be matched if you are a FT or RPT employee with an additional 2.5% employer match. Waiving the plan is as simple as signing a form. This practice results in many more employees enrolling (and potentially receiving the employer match). Employees may also elect to adjust their contribution to less than 2.5% but select an amount greater than 0%.

8. Why is CMH changing plan administrators of these defined contribution plans and terminating some of the defined contribution plans that already existed?

The multitude of defined contribution plans that CMH has been maintaining resulted in non-centralization of data, elevated administrative costs, inconsistencies in employee benefits and a lack of negotiating power. By consolidating our plans, we will be able to simplify the administration of the plans, ensure equity for employees and gain more favorable terms for our employees by aggregating all of our investment assets into fewer portfolios.

9. I participate in the Bridgton Hospital 401(k) currently administered by Lincoln. I took a loan against my 401(k) and have been paying it back into my account, but there is a considerable balance remaining. How will this be treated with the conversion to a 403(b) administered by Nationwide? Will I need to pay back the whole loan before July 3, 2011?

We are investigating the possibility of Nationwide's 403(b) accepting those current loan terms and repayment schedule within the existing loan. More detailed information and an update will be included in the employee information sessions in February and March (see schedule on next page for places, dates and times).

D. Schedule of 2011 Retirement Plan Employee Information Meetings

CMMC	Monday, Feb 21	10:00 am	Rooms ABC
	Monday, Feb 21	2:00 pm	Lowell St. Common Space
	Wednesday, Feb 23	2:00 pm	Room ABC
	Wednesday, Feb 23	5:00 pm	Telephone Conference Call*
	Wednesday, Feb 23	7:00 pm	Room AB
	Thursday, Feb 24	3:00 am (night)	Cafeteria Dining Room
	Thursday, Feb 24	4:00 am (night)	Cafeteria Dining Room
	Friday, Feb 25	9:00 am	Room AB
	Friday, Feb 25	12:00 noon	Telephone Conference Call*
	Friday, Feb 25	2:00 pm	Room H
	Monday, Feb 28	12:00 noon	Room H
	Monday, Feb 28	2:00 pm	Room H
	Thursday, March 3	11:00 am	Room H
Friday, March 4	2:00 pm	Room H	
Monday, March 7	10:00 am	Rooms AB	
Monday, March 7	2:00 pm	Rooms AB	
Tuesday, March 8	2:00 pm	Telephone Conference Call*	
RUMFORD	Tuesday, Feb 22	1:30 pm	Conference Room A
	Tuesday, Feb 22	7:00 pm	Conference Room A
	Wednesday, March 2	10:00 am	Conference Room A
	Wednesday, March 2	2:00 pm	Conference Room A
BRIDGTON	Thursday, Feb 24	8:00 am	Cafeteria Conference Room
	Thursday, Feb 24	10:00 am	Cafeteria Conference Room
	Tuesday, March 8	8:00 am	Cafeteria Conference Room
	Tuesday, March 8	10:00 am	Cafeteria Conference Room
	Tuesday, March 8	12:00 noon	Telephone Conference Call*

* Telephone Conference Call Line for these specific meetings
is 1 – 8 7 7 – 4 1 1 – 9 7 4 8, code 8 0 8 5 7 0 6 #

These sessions will be 1 hour in length and facilitated by Jerry Marstaller, CMH Benefits Manager. The PowerPoint presentation will also be available on www.cmmfhealthydecisions.com. Any questions, please contact Jerry Marstaller at 795-2391.