

CENTRAL MAINE HEALTHCARE 403(B) PLAN
ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGEMENTS

This notice is being provided to you as a Participant in a Code §403(b) Plan that utilizes an automatic contribution arrangement. It describes your rights and obligations under the arrangement and contains an explanation of your right to elect not to have Elective Deferrals made on your behalf or to elect to change the contribution percentage. You will be given a reasonable amount of time to make the election before the first Elective Deferral is made on your behalf to the Plan. Finally, this notice explains how your contributions will be invested if you do not make any investment election.

Eligible Automatic Contribution Arrangement

An Eligible Automatic Contribution Arrangement (EACA) is defined as an arrangement under which you may elect to have the Employer make payments as contributions under the Plan or to you directly in cash. You are treated as having elected to have the Employer make such contributions in an amount equal to a uniform percentage of Compensation provided under the Plan until you specifically elect not to have such contributions made (or you specifically elect to have such contributions made at a different percentage). An EACA must meet the special notice requirements described below, and in the absence of your specific investment election, will be invested in a Qualified Default Investment Arrangement.

You may be automatically enrolled in an EACA provided you may elect to withdraw the automatic contribution within ninety (90) days of participation without being subject to the premature distribution penalty. The Plan must also meet the following requirements in order to be deemed an EACA:

- (1) The Plan must invest automatic contributions in a Qualified Default Investment Arrangement (QDIA) as described below;
- (2) A uniform contribution rate must apply to the automatic contributions for all Employees; and
- (3) The Employer must provide you with a notice (as explained at below) describing the EACA provisions and the ability to opt out of the Plan or to modify the automatic contribution amount.

If an arrangement allows you to elect to make “permissible withdrawals” of erroneous contributions, the amount withdrawn is included in your gross income in the year of the distribution and is not subject to any premature distribution penalty. With respect to distributions as a result of this election, Employer Matching Contributions are forfeited. The amount that is treated as an erroneous contribution is limited to the amount of automatic contributions made during the ninety (90) day period that you elect to treat as an erroneous contribution. A “permissible withdrawal” is defined as any withdrawal from an Eligible Automatic Contribution Arrangement that is made pursuant to your election and consists of Elective Deferrals and earnings or losses attributable to those contributions. The election must be made within ninety (90) days of the first Elective Deferral made on your behalf under the arrangement. The amount of any distributions under this election must be equal to the amount of Elective Deferrals made with respect to the first payroll period to which the Eligible Automatic Contribution Arrangement applied to you and any succeeding payroll period beginning before the effective date of the election (and earnings or losses attributable to those contributions). A permissible withdrawal under this paragraph is not eligible for rollover treatment.

EACA Notice Requirements

Within a reasonable period prior to the beginning of each Plan Year, each Employee covered by an EACA must receive a notice explaining the Employee’s rights and obligations under the arrangement. The notice must be sufficiently accurate and comprehensive to inform the Employee of such rights and obligations by being written in a manner that is understandable by the average Employee to whom the arrangement applies. This notice and the accompanying Notice of Automatic Enrollment are intended to meet this requirement. The reasonable time requirement is satisfied if the Employer provides this notice at least thirty (30) days and no more than ninety (90) days before the beginning of the Plan Year. If an Employer fails to provide a timely notice, the Plan will not be eligible to use the special withdrawal provision explained above and may be subject to penalties.

Qualified Default Investment Arrangements

The protections of ERISA Section 404(c) will be extended to the investment in certain default funds if the Plan meets the requirements of a Qualified Default Investment Arrangement (QDIA). The QDIA requirements may apply to EACAs (as described above) or to other arrangements where Participant accounts are automatically invested in default funds. A QDIA must satisfy the following conditions:

- (1) Participants and Beneficiaries must be able to make investment decisions.
- (2) The Plan must offer a broad range of investment alternatives, as required by ERISA Section 404(c), which meet the following requirements:
 - (a) The product is a lifecycle or target date fund that mixes investments taking into account an individual's age, life expectancy or target retirement date;
 - (b) The product is a balanced fund that mixes investments taking into account characteristics of an entire Employee group;
 - (c) Is an investment management service such as a managed account or asset allocation service that allocates contributions among existing Plan investment options to provide an asset mix that takes into account an individual's age, life expectancy or a target retirement date; or
 - (d) The product is a capital preservation investment such as a stable value fund or a money market fund, provided it is only available to the individual for the first 120 days after becoming a Participant in the Plan. The Plan must then transfer the assets to an otherwise acceptable QDIA.

The QDIA cannot hold Employer securities, except in certain situations and must be diversified to minimize the risk of large losses. Assets in a QDIA must be managed by an investment manager, a Plan sponsor that is a named Fiduciary, a registered investment company, or Plan Trustees meeting specific requirements.

- (3) Participants and Beneficiaries must receive an initial and annual notice at least thirty (30) days before the Participant is first eligible to participate or at least thirty (30) days before contributions are first invested in the QDIA. The notice must be written in a manner that is understandable by the average Participant and must contain the following provisions:
 - (a) A description of how and when a Participant's or Beneficiary's account will be invested in a QDIA. Automatic enrollment plans must include a description of when automatic contributions will be withheld, the automatic contribution amount, and the Participant's right to not make Elective Deferrals or to change the automatic contribution rate;
 - (b) An explanation of a Participant's or Beneficiary's right to direct the investment of their account and an explanation of any fees involved in connection with transferring amounts to another investment;
 - (c) A description of the QDIA, its investment objectives, risk and return characteristics, and any fees or expenses that will apply; and
 - (d) An explanation of where Participants and Beneficiaries may obtain investment materials concerning other investment options under the Plan, as applicable.

The Plan must provide you and your Beneficiaries with the same investment materials it provides to those making affirmative investment elections and the opportunity to change investments in the QDIA at least as often as they can change any other investment, but in no event less than quarterly. The QDIA cannot impose financial penalties or restrict the ability to transfer all or part of the QDIA assets to another investment option. Please see the accompanying Notice of Automatic Enrollment for specific information regarding directed investments.

Preemption of Conflicting State Regulation

Any state law that would directly or indirectly prohibit or restrict the inclusion of an automatic contribution arrangement in a plan is pre-empted. The Labor Secretary is authorized to issue regulations that establish minimum standards that these arrangements would be required to satisfy in order for preemption to apply.

Effective Date

These provisions apply to Plan Years beginning after December 31, 2011.