

## Features & Highlights

# WellSpan 457(b) Deferred Compensation Plan



WellSpan offers an additional deferred compensation plan to a select group of management and highly compensated team members as a supplement to other retirement benefits or savings. This voluntary Plan allows you to save and invest extra money for retirement – tax deferred!

**There are three categorical differences between the 457(b) and 403(b) Plans:**

1. Asset Ownership and Protection
2. Contribution Limits
3. Distribution Options

You may contribute to the WellSpan Health 457(b) Non-Governmental Deferred Compensation Plan (457(b) Plan) in addition to maximizing your contributions to the WellSpan Health 403(b) Retirement Savings Plan (403(b) Plan).

The 403(b) Plan gives you more flexibility with regard to changing your contribution amounts during the year and your distribution preferences upon retirement, as well as more protection for the amounts you save. This guide is intended to give you an overview of the 457(b) Plan, including a comparison of some of the significant differences between it and the 403(b) Plan.

403(b) Plan	457(b) Plan
<b>PLAN ASSETS OWNER</b>	
Not employer owned. The account is held in trust for the exclusive benefit of the participant.	The assets of the 457(b) Plan are held in a Rabbi Trust owned by WellSpan Health. These funds are not used in the employer's daily operations.
<b>PROTECTION FROM WELLSPAN HEALTH INSOLVENCY</b>	
Your assets in the 403(b) Plan are protected from WellSpan Health creditors.	The Rabbi Trust assets are subject to claims of the employer's general creditors; participants become general creditors.
<b>CONTRIBUTION LIMITS</b>	
WellSpan allows you to contribute 75% of your compensation or the IRS limit (\$23,000, in 2024), whichever is less.	You may contribute a maximum of \$23,000 in 2024.
<b>AGE 50+/STANDARD CATCH-UP CONTRIBUTIONS</b>	
Participants turning age 50 or older in 2024 may contribute an additional \$7,500.	There is no Age 50+ Catch-Up contribution allowed in the 457(b) Plan, but rather a "Standard" Catch-Up option, which may allow participants in the three calendar years prior to normal retirement age to contribute more into the Plan.

## 403(b) Plan

## 457(b) Plan

### CONTRIBUTION CHANGES

You can change your contribution amount at any time by logging in to your account at [wellspansavings.com](https://wellspansavings.com).

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### TAX-DEFERRED SAVINGS

Your contributions are deducted from your pay before federal income taxes are applied. Your contributions and any earnings are taxed at distribution.

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### THE ROTH OPTION

You may designate all or part of your 403(b) elective deferrals as Roth contributions. Roth contributions are made with after-tax dollars.

Not available.

### DISTRIBUTION PROCESS

You do not have to pre-elect your distribution date or form of payment. You are not required to take a distribution until April 1 of the year following the year in which you turn age 73 (age 72 if you turned 72 in 2022 or age 70½ if you reached age 70½ before January 1, 2022) or retire from WellSpan, whichever is later. You will be taxed at the time of distribution and, if you take a distribution prior to age 59½, may be subject to an additional 10% federal tax penalty.

You may elect to receive your distribution on a future date, and you have one irrevocable opportunity to change that date. The Internal Revenue Code requires Plan participants to begin receiving benefit payments (i.e., Required Minimum Distributions) from their accounts by April 1 of the calendar year following the calendar year in which they attain age 73 (age 72 if you turned 72 in 2022 or age 70½ if you reached age 70½ before January 1, 2022) or upon severance of employment, whichever occurs later. You will be taxed at the time of distribution although the additional 10% federal tax penalty will not apply.

### DISTRIBUTION OPTIONS

If you leave employment with WellSpan Health, your account can remain in the Plan, you may roll over your account balance to another eligible plan if your new employer's plan accepts such rollovers, you may roll over your account to an Individual Retirement Account (IRA), or you may take a distribution. You are encouraged to discuss rolling money from one account to another with your financial advisor/ planner and to consider any potential fees and/ or limitations of available investment options.

If you leave employment with WellSpan Health, you must take a distribution. However, you may elect to receive your distribution at a later date, or you may transfer over your account balance to another non-governmental 457(b) plan without tax consequences if your new employer's plan accepts such transfers. Rollovers are not allowed; however, plan-to-plan transfers are permissible.

## Enrolling and Participating

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To participate in the Plan, log in to your account at [wellspansavings.com](https://wellspansavings.com). Select the WellSpan Health 457(b) Deferred Compensation Plan. Enrollment and contribution changes are allowed in the 457(b) Plan each month. Eligible employee contributions and changes will begin the month after submission online.

### WHAT ARE THE CONTRIBUTION LIMITS?

In 2024, the maximum contribution amount to the 457(b) Plan is \$23,000. The minimum contribution rate is \$200 per year. Participants in the 457(b) Plan have an opportunity to catch up and contribute more during the final years of their career. “Standard” Catch-Up allows participants in the three calendar years prior to normal retirement age to contribute more (up to double the annual contribution limit — \$46,000 in 2024) into the Plan. The additional amount that you may be able to contribute under the “Standard” Catch-Up option will depend upon the amounts that you were able to contribute in previous years but did not.

## Investment Options

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The 457(b) Plan is designed so that while your account balance is held in the Rabbi Trust, it will be invested in your choice of mutual funds until you take a distribution from the 457(b) Plan. For a detailed explanation of each investment option offered as part of your 457(b) Plan, please refer to the Fund Data Sheets and Investment Performance table. You can view these on the Plan website at [wellspansavings.com](https://wellspansavings.com). Log on using your passcode and username.

In addition to the core investment options, a self-directed brokerage (SDB) account is available for 457(b) Plan participants. The SDB account allows you to select from numerous mutual funds for additional fees, including Environmental, social, and corporate governance funds (ESG). A fund’s ESG criteria may limit the specific securities used by the fund which may result in varying performance and, in some instances, underperformance relative to the market and/or other funds that do not use ESG criteria.

The SDB account is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDB account. These securities are not offered through Empower Financial Services, Inc.; they are offered by Charles Schwab.<sup>1</sup> The SDB account is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDB account.

A \$500 minimum must be maintained in core funds. If you have a concern regarding this restriction because of deeply held religious beliefs, please contact Human Resources.

## Vesting

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### WHEN AM I VESTED IN THE PLAN?

Your contributions to the Plan and any earnings they generate (including transfers from previous employers) are always 100% vested.

## Distributions

All Plan deferrals and their earnings are eligible for withdrawal under the following circumstances:

- Severance of employment, including retirement
- Age 73 (age 72 if you turned 72 in 2022 or age 70½ if you reached age 70½ before January 1, 2022) if currently employed and no longer contributing
- Unforeseeable emergency
- Death

All distributions from the 457(b) Plan are subject to ordinary federal income tax. If you sever your employment prior to age 59½ and withdraw your Plan account balance, the distribution will be subject to ordinary federal income tax, but not the 10% federal premature withdrawal penalty tax. State taxes will also apply to each distribution. **Please read this important information regarding distributions for those subject to Pennsylvania state taxes.**

Participants severing employment are required to begin receiving benefits upon expiration of the election period.

**INITIAL ELECTION:** A participant may choose to postpone the commencement date of distributions to a later date but no later than the year in which they reach age 73. Such election to postpone must be made within the election period specified under your Plan. Your Plan allows 60 days from the date you sever employment to make an initial election. If an election to postpone distributions is not received by the Plan within an election period, your account will be distributed to you under the default payment terms (lump-sum payment).

**ONE-TIME IRREVOCABLE CHANGE:** If a participant desires to further postpone the commencement of payments, the participant is allowed to make a one-time irrevocable change to an initial election. Such a change must be made prior to the time distributions commence under the initial election and must be deferred to a later date. The change to the commencement date is irrevocable and must be received at least 30 days before the date elected for distributions to begin under the initial election.

Please note the Internal Revenue Code requires 457(b) Plan participants to begin receiving benefit payments from their Plan accounts by April 1 of the calendar year following the year in which they attain age 73 (age 72 if you turned 72 in 2022 or age 70½ if you reached age 70½ before January 1, 2022) or sever employment, whichever occurs later. Failure to begin the Required Minimum Distribution subjects you to tax penalties equal to 25% (10% if adjusted in a correction window) of the amount that should have been withdrawn but was not. If upon severing employment you are able to transfer your account balance to another eligible nonprofit employer's 457(b) plan, income taxes will continue to be deferred until your account is actually distributed to you from a transferee plan.

Please note that all distributions from the 457(b) Plan will be reported as taxable wages on Form W-2. The WellSpan Health 403(b) Plan reports distributions on Form 1099-R.

### WHAT ARE MY DISTRIBUTION OPTIONS?

1. File an election to leave the value of your account in the Plan until a future date
2. Receive a lump sum or periodic payments (installments cannot stop or be altered once they commence)
3. Transfer your account balance to an eligible non-governmental 457(b) plan
  - You may not transfer your account balance to an IRA.
  - In-service distributions, loans, and hardship withdrawals are not available from the Plan.

### WHAT HAPPENS TO MY ACCOUNT WHEN I DIE?

Your designated beneficiary(ies) will receive the remaining value of your account, if any. Your beneficiary(ies) must contact Empower to request a distribution.

## Fees

Each investment option may pay an investment management fee that varies by investment option and pay certain fees for its operations, such as for trading and similar expenses. These fees are deducted before the daily price or performance is calculated. This fee is expressed as the Expense Ratio on the Fund Overviews posted on [wellspansavings.com](https://wellspansavings.com).

Each investment option also has a recordkeeping fee that varies by investment option to help pay for the administrative and maintenance costs associated with the Plan. This fee is in addition to the fees discussed above and will be assessed on a quarterly basis to participants who are invested in each investment option. This fee can be found on the Fund Overviews posted on [wellspansavings.com](https://wellspansavings.com).

Please go to the Plan website, [wellspansavings.com](https://wellspansavings.com), for the operating expense ratios of the Plan's variable investment options.

## Administration

The 457(b) Plan administration, communications, and legal and regulatory issues are overseen by WellSpan Health. An investment committee selects and monitors the investment options available in the Plan. Empower administers the Plan and provides communication services, and telephone service to participants of the Plan.



Visit the website at [wellspansavings.com](https://wellspansavings.com) or access the Empower Customer Care Center by calling (877) SAV-WELL (728-9355). Both the website and phone number are available 24 hours a day, seven days a week.

*If there are any discrepancies between this document, the Plan Document, or the Summary Plan Description, the Plan Document will govern.*

*1 Securities available through Schwab Personal Choice Retirement Account (PCRA) are offered through Charles Schwab & Co., Inc. (Member SIPC), a registered brokerdealer. Additional information can be obtained by calling 888-393-7272. Charles Schwab & Co., Inc. and Empower Financial Services, Inc. are separate and unaffiliated.*

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