

Value Growth Plan Pension Answers to Frequently Asked Questions

Q1. When am I eligible to start receiving pension benefits under the Ann & Robert H. Lurie Children's Hospital of Chicago Value Growth Plan?

A1. When you reach Age 59 1/2 or separate from service. A participant must separate from employment with Lurie Children's or attained the age of 59 1/2 if still employed, to receive a pension benefit.

Q2. What benefit options can I elect to receive?

A2. There are four benefit options calculated that a participant could choose from.

1. Single Life Annuity – A monthly benefit paid for the rest of a participant's life. When the participant dies, payments stop. This option provides the highest monthly benefit.
2. Joint and Survivor Annuity (50%, 75%, or 100%) – 50% Joint & Survivor is the automatic option for married participants unless the participant's spouse waives their right and allows a different option. After a participant's death, this option pays the surviving beneficiary a percentage of the benefit for the rest of their life. The beneficiary must be named at the time the benefit is elected and is irrevocable. This option pays a lower benefit than the single life annuity because it considers two lifetimes. The reduction depends on the participant's age and the age of the beneficiary.
3. 10-year Certain & Life Annuity – This option pays a participant monthly payment for as long as they live. If a participant dies before having received the first 120 monthly payments, the payments will go to the named beneficiary for the remainder of the 120 months. The payments to the beneficiary will then stop once the combined total of participant and beneficiary payments equals 120 payments since commencement.
4. Lump Sum – A single present value lump sum can be received from the Value Growth Plan (combined with the old Retirement Income Plan for employees hired before 1993). This benefit option is subject to special tax withholding. This withholding can be postponed by a direct rollover of the lump sum to an IRA. See your actual benefits projections on-line at www.RetirementFocus.com.

Q3. What are my options if I take a Lump Sum, can I roll it over?

A3. You can have all or any portion of the payment either:

1. Paid as a "direct rollover" to a traditional IRA or another qualified plan that accepts rollovers, or
2. Paid directly to you as a lump sum, this payment will be have an automatic 20% Federal income tax withholding withheld and will be subject to a 10% early withdrawal penalty(at tax time) if you are under age 59 1/2.

Q4. Can I postpone taking my benefit?

A4. The normal retirement age for full benefits under the Plan is age 65 and pension benefits must commence no later than the Required Minimum Distribution date which is currently age 72.

Q5. Why would I wait to take my benefit?

A5.

1. Waiting until age 65 to take benefits provides you with the full intended benefit and avoids the early commencement reductions. Monthly life payments commenced prior to age 65 are permanently reduced by 6% per year from the age 65 benefit amount.
2. Waiting until at least age 59 ½ avoids the IRS early withdrawal tax penalty on lump sum cash payments not rolled over to another retirement plan or IRA (or wait to age 55 for monthly benefits).
3. The Value Growth Plan earns an interest credit that grows at a minimum guaranteed rate of 4.5% per year. The interest rate could be higher if interest rates increase. The plan will continue to grow until benefits are taken at retirement.
4. Unlike an IRA or mutual fund, this plan does not charge any maintenance or expense fees that can reduce your balance or slow its growth.
5. The Plan is insured through the government backed Pension Benefit Guaranty Corporation.
6. This plan can add a less risky, fixed income type component to your retirement portfolio.
7. Immediate lifetime monthly annuity payments are available at retirement at no cost. Annuity payments are guaranteed for life, helping insure you do not run out of money.

Q6. What is the process to Receive my Value Growth Plan Benefit or where do I go for more information?

A6. You must log in to www.RetirementFocus.com. If it is your first time accessing the site, please use your Social Security Number (with no dashes) as your username, and your birthdate (mmddyy format) as your password.

RetirementFocus allows you to model your Total Retirement Benefit based on variables you enter about your anticipated date of retirement and other sources of retirement income.

When you are ready to initiate your retirement and begin receiving Pension Plan benefit payments, select the 'Retirement' link from the menu bar. From there you can elect whether you want to complete the process online or request retirement forms.

If you have any questions you can contact client care center at (833) 679-1375. Representatives will be available 7 a.m.–7 p.m. (Central Standard Time) Monday through Friday to help you with your pension plan needs.