

You have been determined to be eligible to participate in the Carle Foundation Hospital Elective Salary Deferral Plan (Section 457(b) Plan) (the “Plan”) which is a deferred compensation plan under section 457(b) of the Internal Revenue Code for 2024. Participation in the Plan is completely voluntary.

Below is a brief Plan Overview and attached are some Frequently Asked Questions about the Plan. If you wish to enroll, you will need to complete the enclosed forms and return to Carle Benefits in Human Resources, FA-HRO.

Plan Overview

- **Employee Contributions**: The Plan allows participants to defer up to \$23,000 of their eligible compensation to the Plan on a pre-tax basis. For purposes of making salary deferrals under the Plan, “eligible compensation” means a participant’s base annual salary and annual incentive compensation, if any. The \$23,000 limit is the salary deferral contribution limit for 2024 and is subject to change in future years.
- **Participant Accounts**: Participant deferrals are credited to bookkeeping accounts maintained by Carle for each participant. The accounts are adjusted for earnings and losses based on the investment elections made by the participant. Amounts credited to a participant’s account, as adjusted for earnings and losses, remain deferred under the Plan until the participant terminates from employment with Carle and its affiliates. In general, a participant’s account balance, as adjusted for earnings and losses, will be paid to the participant within 90 days following the participant’s termination from employment with Carle and its affiliates. There are, however, certain situations that can cause payment to be made at different times. A complete description of those situations can be found in the Plan document.
- **Plan Funding**: The Plan is unfunded, as required under the applicable provisions of the Internal Revenue Code for nonqualified deferred compensation plans such as the Plan. This means that participants are general unsecured creditors of their employer for the payment of their Plan benefits. However, funds may be set aside in a ‘rabbi trust’ to help pay Plan benefits as they come due.

Please contact Eric Phillips, HR Total Rewards Director, at 217-902-5300 with any questions.

Thank you,

Carle Human Resources

Frequently Asked Questions about the Plan

1. How much can I elect to defer under this plan?

The 2024 limit for deferrals is \$23,000 of your eligible compensation. This is an IRS limit and is subject to change in the future. If you are within three years of your normal retirement age, you may have the opportunity to elect to defer a larger amount of your compensation. Please contact us to discuss your options.

2. Does this affect my ability to contribute to the 403(b) plan?

No, this is independent of the 403(b), in which you can still contribute up to the maximum amount each year. The 457(b) is a supplemental means of deferring additional dollars.

3. Is there a matching contribution on this plan?

No, Carle and its affiliates do not match participant contributions or make any employer contributions to the Plan on participants' behalf.

4. How often can I make changes to the amount that I want to defer from my paycheck?

Monthly. You can simply complete a new deferral election form and submit it to Eric Phillips in HR for processing. Your changes will take effect the following month.

5. How quickly am I vested in my deferral amounts?

Employee deferrals are 100% vested immediately.

6. When are the funds distributed to me?

Typically, this Plan is used for retirement savings; however distributions are also allowed for the following reasons: death, disability, voluntary or involuntary termination, or a change in control. You are not able to withdraw your funds while working, except potentially in the case of an emergency – see Question 9.

7. What happens to these funds when I retire or otherwise terminate employment?

The balance credited to your 457(b) deferral account will be paid out to you and fully taxable to you in a lump sum distribution generally within 90 days of retirement or termination. There are, however, certain situations that can cause payment to be made at different times. A complete description of those situations is included in the enclosed Plan document.

As an additional planning opportunity, within 60 days after you are no longer employed by Carle and its affiliates, you may be able to delay payment of your account to a future date. One option is to elect to receive a lump sum by your required beginning date. Your required beginning date is April 1 of the calendar after the later of the year that you terminate or the year you reach age 72 (age 70-1/2, if you reached 70-1/2 prior to 2020). A second option is to elect to receive payment in annual installments over up to 10 years (or if less, your life expectancy), with annual payments commencing on the date you elect.

8. How can I start deferring income in this plan?

To begin, you will need to complete both the Employee Election Form and the Beneficiary Designation form. The 457(b) rules require that you complete these forms prior to the first day of the month in which your deferrals commence.

9. Can I access these funds if I have an emergency situation?

Potentially yes. There are IRS rules that govern what is classified as an “unforeseeable emergency”. If you feel this situation applies, please contact Eric Phillips to discuss your options. You may stop your deferrals into the Plan at any time.

10. Are there procedures for making a claim for benefits? Are claims subject to arbitration?

Yes, Article 11 of the Plan describes the procedures for participants (or their beneficiaries, if the participant is deceased) to make claims for benefits and to appeal the denial of a claim.

Claims are subject to arbitration as described in Section 11.5 of the Plan. Section 11.5 requires that any claim or dispute arising out of or in any way related to the Plan (regardless of the date the claim or dispute arose or was discovered) must be resolved through confidential binding arbitration conducted in Urbana, Illinois, administered by the American Arbitration Association (“AAA”) under the AAA’s Employment Arbitration Rules and Mediation Procedures, before a neutral arbitrator(s). Prior to commencing any arbitration, you must first exhaust the claim and appeal procedures described in Article 11 of the Plan. Also, to the fullest extent permitted by law, you must bring a dispute in arbitration on an individual basis only, and not on a class, collective or representative basis. This means you waive the right to commence, be a party to, or be an actual putative class member of any class, collective, or representative action arising out of or relating to the Plan. Your continued participation in the Plan constitutes your acceptance of the arbitration and class action waiver provisions set forth in the Plan.

Please refer to your copy of the Plan document for information on these provisions.

11. How are these funds different than my 401(k)/403(b) account?

As opposed to the 401(k)/403(b) plan, the Plan is a non-qualified deferred compensation plan, and thus there are differences in the nature of the balances in this Plan. The Plan is unfunded, as required under section 457(b) of the Internal Revenue Code for tax-exempt employers such as Carle. This means that participants are general unsecured creditors of Carle for the payment of their Plan benefits. However, Carle and its affiliates have chosen to set aside funds in a ‘rabbi trust’ to help pay Plan benefits as they come due. Contributions are regularly made to the rabbi trust, although Carle and its affiliates are not required to make contributions. The amount credited to your deferral account is available for you to invest in a variety of investment options.

Investment Options

12. Are the investment options the same for this Plan as the 401(k)/403(b) plan?

No, there are different investment options available in this Plan. The same investment strategies exist in both plans, but there are different investment choices within each strategy. These specific investment options may change in the future, but in general the line-up will always consist of the basics: large-, mid-,

and small-cap funds, as well as fixed income and international funds. The investment type is listed on the second column of the investment election form.

13. How can I research the investment options, including expense ratios and performance?

You may access the fund options on the website – see the Question 16 about how to log on. Each fund has a one-page fund fact sheet and full prospectus available for download. You may also use the ticker to research the funds on an investment website of your choice. The expense ratio listed will be the same one for the Plan's investments.

14. Which investment strategy should I invest in?

The Plan allows participants to customize their investments based on their unique goals and objectives. Should you need assistance in determining the best investment options for your unique situation, Busey Wealth Management, a local wealth management firm, is available to assist you with the Plan.

Assistance with plan questions or investment questions

15. How do I contact Busey to discuss these options?

Charlee Lin is available at (217) 351-6534 or Charlee.Lin@busey.com

Adam Owen is available at (217) 365-4874 or Adam.Owen@busey.com

16. How do I see my balances online?

You may log in to the website to see your account balances at the web site www.go-retire.com/carle. You can obtain access by using your Social Security Number or current User Name, if changed, and DOB (MMDDYYYY format) or existing PIN, if changed. Depending on the Carle plans you participate in, you will be able to toggle between your different plans by using the drop-down box on the top right of the initial login screen. If you are unsure of your existing PIN, you may change it on the same website. Alternatively, you can call toll-free (800) 716-3742 to receive your balances. Your PIN is the same as on the website.

If You Wish to Contribute in 2024

This memo and the attached documents provide important details which ***require action from you if you wish to contribute to the Plan***. Enclosed with this memo are the following documents and forms:

- **The Carle Foundation Hospital Elective Salary Deferral Plan (Section 457(b) Plan), Restated Effective January 1, 2021, and as subsequently amended.** The 457(b) Plan document provides important details about how the Plan operates and your rights under the Plan. Please review the Plan carefully.
- **Employee Election Form.** This form allows you to designate how much of your eligible compensation, up to the legal limits (\$23,000 in 2024), that you would like to defer to your account in the Plan.
- **Beneficiary Designation Form.** This form allows you to designate a beneficiary for your 457(b) Plan account balance in the event of your death prior to payment of your Plan benefit. If you previously

submitted a completed Beneficiary Designation Form, there is no need for you to submit a new form, unless you wish to change your designated beneficiary.

- **Investment Election Form and Fact Sheets.** These documents provide an overview of the investments you can choose for future contributions to the 457(b) Plan. If you do not make an investment election, your contributions will be invested in the Plan's default investment, which is currently the Vanguard money market fund. If you previously made investment elections, there is no need for you to submit a new form, unless you wish to change your investment elections for future contributions.
- **Participation Risks form.** This form describes special risks associated with deferring compensation under the Plan. Please read this form carefully.

Deadline for Returning Completed Forms

The 457(b) rules require that your completed salary deferral election paperwork be returned prior to the first day of the month in which your deferrals commence.

This means that your completed **Deferral Election Form, Beneficiary Designation Form, Investment Election Form** and **Participation Risks form** must be returned to Carle Benefits in Human Resources by the end of the month if you wish to start (or change) your 457(b) deferrals the next following month.

If you do not return your forms by the end of the month, you can submit your completed forms later in the year. However, your salary deferral contributions will not be retroactively effective. Your contributions or any changes would start the month after your completed forms are received.

Questions

If you have any questions about this letter or the attachments, please contact Carle Benefits in Human Resources at (217) 902-5300.

**CARLE FOUNDATION HOSPITAL
ELECTIVE SALARY DEFERRAL PLAN (SECTION 457(b) PLAN)
(Restated Effective January 1, 2021)
2024 EMPLOYEE ELECTION FORM**

Employee's Name: _____

Address: _____

Date of Birth: _____ Social Security Number: _____

Employer: _____ Date of Hire: _____

A. Employee Deferrals – Election (choose one of the 3 following options)*. I elect to defer the receipt of a portion of my eligible compensation into the 457(b) Plan on a pre-tax basis as follows. I understand that the maximum amount that I may contribute to the 457(b) Plan for 2023 is \$23,000, and that this limit may change in future years.

1. Maximize my salary deferrals in 2024 and all subsequent years until I elect otherwise.

I direct the plan administrator to calculate the percentage to be deducted from my pay equally over regular pay periods throughout the calendar year in order to maximize my contributions. If the maximum contribution limit is increased by the IRS for cost of living changes in future years, *your maximum Annual Amount will automatically increase up to the new IRS limit until you elect otherwise.*

2. Annual Amount \$ _____ / Pay Period Amount \$ _____

Your salary deferrals if expressed as an Annual Amount will be deducted equally over regular pay periods remaining in the calendar year. If you elect to start contributing after the first of the year, the change is effective with the first pay period of the month following the plan administrator's receipt of your completed election form.

3. Percentage from each regular pay period _____ %

*Your contribution election shall remain in effect until you amend or revoke your elections. Any change shall be effective starting with the first pay period of the month following the month your completed election form is received by the plan administrator.

B. Investment Elections. Your contributions will be credited among your investments as currently allocated. To reallocate your investments, please visit www.go-retire.com/carle to view your account.

C. No Guaranty of Employment. I understand that nothing in the 457(b) Plan or this form shall be considered to be a contract of employment between me and Carle Foundation Hospital and its affiliates (collectively, "Carle"). I also understand that nothing contained in the 457(b) Plan or this deferral election shall give me the right to be retained in the employ of Carle or to interfere with the right of Carle to discharge me or any other employee at any time, nor shall it give Carle the right to require me or any employee to remain in its employ or to interfere with my or any employee's right to terminate employment with Carle at any time.

D. Consent. I have read and I understand the terms and conditions of the 457(b) Plan. I understand that the 457(b) Plan is unfunded and is subject to the claims of general unsecured creditors of Carle.

Signature of Participant

Date

(457) Carle Foundation Hospital & Affiliates' Exec. Benefit Plans Investment Election Form

Plan ID: A4U Source #33 457(b) Elective Deferral

Section 1: Personal Information

Name: _____ SSN: _____ - _____ - _____

Address: _____ Date of Birth: _____ / _____ / _____

City: _____ Date of Hire: _____ / _____ / _____

State: _____ Zip: _____ Rehire: Yes No

Phone Number: _____ Email: _____

Section 2: Investment Elections (Use whole percentages that total 100%)**Risk Based Portfolios**

Conservative	--	_____	%
Moderate	--	_____	%
Aggressive	--	_____	%
Balanced	--	_____	%
Growth	--	_____	%

Target Date Portfolios

Vanguard Target Retirement Inc	Target-Date Retirement	VTINX	_____	%
Vanguard Target Retirement 2015	Target-Date 2015	VTXVX	_____	%
Vanguard Target Retirement 2020	Target-Date 2020	VTWNX	_____	%
Vanguard Target Retirement 2025	Target-Date 2025	VTTVX	_____	%
Vanguard Target Retirement 2030	Target-Date 2030	VTHRX	_____	%
Vanguard Target Retirement 2035	Target-Date 2035	VTTHX	_____	%
Vanguard Target Retirement 2040	Target-Date 2040	VFORX	_____	%
Vanguard Target Retirement 2045	Target-Date 2045	VTIVX	_____	%
Vanguard Target Retirement 2050	Target-Date 2050	VFIFX	_____	%
Vanguard Target Retirement 2055	Target-Date 2055	VFFVX	_____	%
Vanguard Target Retirement 2060	Target-Date 2060	VTTSX	_____	%
Vanguard Target Retirement 2065	Target-Date 2065+	VLXVX	_____	%

Build Your Own Portfolio / Individual Investment Options

VANGUARD TREASURY MONEY MARKET	Money Market - Taxable	VUSXX	_____	%
FIDELITY US BOND INDEX	Intermediate Core Bond	FXNAX	_____	%
JP MORGAN CORE BOND A	Intermediate Core Bond	PGBOX	_____	%
PIMCO REAL RETURN	Inflation-Protected Bond	PARRX	_____	%
VANGUARD BALANCED INDEX	Allocation--50% to 70% Equity	VBAIX	_____	%
VANGUARD WINDSOR II	Large Value	VWNAX	_____	%
FIDELITY 500 INDEX	Large Blend	FXAIX	_____	%
MFS Growth	Large Growth	MFEKX	_____	%
VICTORY SYCAMORE ESTABL VALUE	Mid-Cap Value	VEVRX	_____	%
FIDELITY EXTENDED MARKET INDEX	Mid-Cap Growth	FSMAX	_____	%
CARILLON EAGLE MID CAP GWTH	Mid-Cap Growth	HRAUX	_____	%
American Century Small Cap Val	Small Value	ASVDX	_____	%
Loomis Sayles Small Cap Grow N	Small Growth	LSSNX	_____	%
FIDELITY TOTAL INTL INDEX	Foreign Large Blend	FTIHX	_____	%
AMERICAN FDS EUROPACIFIC GRWTH	Foreign Large Growth	REGGX	_____	%
INVESCO OPP DEVELOPING MKTS	Diversified Emerging Mkts	ODVIX	_____	%

TOTAL 100%

REBALANCING: If you've selected multiple investments above, you may consider setting up recurring rebalance. This can be done on the participant website or mobile app by selecting Rebalance under the Transaction heading, and following the instructions. If you need assistance, please contact the Participant Service Center.

Section 3: Authorization

I have been provided adequate information regarding this plan to make the elections above. I understand the contribution elections will remain in effect until I otherwise notify the Plan's Administrator and revise my contribution elections. I further understand the Investment Election made above will remain in effect until and unless I revise it using a medium approved by the Plan's Administrator.

Participant Signature _____

Date: _____

For more information about your plan's investments, go to <https://rec-files.epicrps.com/funds>.

**Participation Risks; Mandatory Arbitration and Class Action Waiver
Carle Foundation Hospital Elective Salary Deferral Plan (Section 457(b) Plan)**

A. Participation Risks

Listed below are some of the risks associated with deferring compensation under the Carle Foundation Hospital Elective Salary Deferral Plan (Section 457(b) Plan) (the “Plan”).

1. **Current Tax Treatment.** There is a risk that the Internal Revenue Service at some time in the future will not allow a participant’s deferral election and thus treat the income as taxable in the year deferred. If the IRS disallows the deferral, it is not known whether or not it would be retroactive.
2. **Hospital Insolvency.** There is a risk that participants will lose all or a portion of their deferred compensation if the Hospital becomes insolvent. Participants are unsecured creditors of the Hospital and would be treated as such in any Hospital bankruptcy proceeding insofar as their claims for deferred compensation under the Plan.
3. **Legislative/Regulatory Changes.** As with any employee benefit program, there is a risk that either the federal or state government will pass legislation or promulgate a regulation that affects the program. Such changes in law or regulation may result in changes to the Plan or require an early termination of the Plan.
4. **Early Termination.** There is a risk that the Hospital will terminate the Plan and pay out all deferred compensation amounts prior to the date otherwise specified in the Plan or elected by a participant, in the case of a participant who makes a deferred payment election. Consequently, there is no assurance that deferred compensation will be received in the year specified under the Plan or as elected by the participant.
5. **Tax Rates.** There is a risk that when the deferred compensation is eventually paid to a participant, the tax rates in effect will be higher than the tax rates in effect when the compensation was deferred, possibly resulting in an overall greater tax liability.
6. **Investment Return.** As with an actual investment, there is a risk of loss of principal. This risk varies depending on the deemed investment choice. Generally, the higher the potential return, the greater the risk. In addition, there is no guarantee as to investment return over and above preservation of principal.

B. Mandatory Arbitration and Class Action Waiver

Section 11.5 of the Plan requires that any claim or dispute arising out of or in any way related to the Plan (regardless of the date the claim or dispute arose or was discovered) must be resolved through confidential binding arbitration conducted in Urbana, Illinois, administered by the American Arbitration Association (“AAA”) under the AAA’s Employment Arbitration Rules and Mediation Procedures, before a neutral arbitrator(s). Prior to commencing any arbitration, you must first exhaust the claim and appeal procedures described in Article 11 of the Plan.

To the fullest extent permitted by law, you must bring a dispute in arbitration on an individual basis only, and not on a class, collective or representative basis. This means you waive the right to commence, be a party to, or be an actual putative class member of any class, collective, or representative action arising out of or relating to the Plan. Your continued participation in the Plan constitutes your acceptance of the arbitration and class action waiver provisions set forth in the Plan.

C. Employee Acknowledgement

I have read and understand the above risks associated with the Carle Foundation Hospital Elective Salary Deferral Plan (Section 457(b) Plan). I have also read and understand the Plan’s mandatory arbitration and class action waiver provisions.

Signed

Dated

**CARLE FOUNDATION HOSPITAL
ELECTIVE SALARY DEFERRAL PLAN (SECTION 457(b) PLAN)
(Restated Effective January 1, 2006)**

BENEFICIARY DESIGNATION FORM

I, _____, am a participant in the Carle Foundation Hospital Elective Salary Deferral Plan (Section 457(b) Plan) (the "Plan"). I designate the following as my primary beneficiary(ies) to receive any benefits payable under the Plan by reason of my death (attach additional pages if more space is needed):

<u>Name(s) and Address(es) of Primary Beneficiary(ies):</u>	<u>Relationship and Percentage of Account Payable to Each (must total 100%):</u>
1. _____ _____ _____ _____	Relationship: _____ Percentage: _____
2. _____ _____ _____ _____	Relationship: _____ Percentage: _____

If no primary beneficiary is living or is in existence on the date of my death, the following shall be my contingent beneficiary(ies) under the Plan (attach additional pages if more space is needed):

<u>Name(s) and Address(es) of Contingent Beneficiary(ies):</u>	<u>Relationship and Percentage of Account Payable to Each (must total 100%):</u>
1. _____ _____ _____ _____	Relationship: _____ Percentage: _____
2. _____ _____ _____ _____	Relationship: _____ Percentage: _____

I revoke any beneficiary designations previously made by me with respect to the Plan. I understand that I may change the designations above at any time by filing a new beneficiary designation form with the Plan Administrator, and that such designation shall be effective upon receipt by the Plan Administrator during my lifetime. Plan benefits may be distributed to any trustee named as a beneficiary in this form without the Plan Administrator inquiring into, or otherwise being responsible for, the application of such distribution.

**CARLE FOUNDATION HOSPITAL
ELECTIVE SALARY DEFERRAL PLAN (SECTION 457(b) PLAN)
(Restated Effective January 1, 2006)**

BENEFICIARY DESIGNATION FORM, Page 2

I understand that a beneficiary designation shall be automatically revoked (i) if the beneficiary dies or, if a trust, the trust goes out of existence before my death, or (ii) if I designate my spouse as beneficiary and, prior to my death, my marriage to my spouse is dissolved.

I further understand that if no primary or contingent beneficiary is living when my benefits are to be distributed among all beneficiaries or if I should die without a valid beneficiary designation, my entire benefit shall be paid to my surviving spouse, if any, and if none, to my estate.

Dated: _____

Signature of Participant

Received this _____ day of _____, 20 ____ on behalf of the Plan Administrator.