THOMAS JEFFERSON UNIVERSITY

EMPLOYEES' PENSION PLAN

SUMMARY PLAN DESCRIPTION

January 1, 2003

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A. INTRODUCTION

The Thomas Jefferson University Employees' Pension Plan (the "Plan") was established, originally effective January 1, 1968, to help provide financial security to the eligible employees of Thomas Jefferson University (the "University") upon their retirement. On January 1, 1995, the Jefferson Park Hospital Pension Plan and the Pension Plan for Employees of Children's Rehabilitation Hospital were merged into the Plan, and the University, Jefferson Park Hospital, Children's Rehabilitation Hospital, and any other participating employer (collectively, the "Employer") contribute to the Plan for the benefit of their eligible employees. The Plan has been amended from time to time, most recently effective July 1, 2002.

This booklet is not the Plan itself but is designed to give you a brief description of the retirement benefits available to employees covered by the Plan, without going into all of the refinements and details set forth in the Plan document. The legal rights and obligations of any person having an interest in the Plan are determined solely by the provisions of the Plan. **IN THE EVENT OF ANY DISCREPANCY BETWEEN THIS SUMMARY AND THE OFFICIAL PLAN DOCUMENTS OR WITH RESPECT TO ANY PROVISION NOT DISCUSSED IN THIS SUMMARY PLAN DESCRIPTION, THE PLAN DOCUMENTS ALWAYS GOVERN.** If you wish to see a copy of the official Plan documents, you may do so by contacting the Plan Administrator.

B. GENERAL INFORMATION

- Plan Name: The Thomas Jefferson University Employees' Pension Plan
- Plan Sponsor: Thomas Jefferson University
201 South 11th Street
Philadelphia, PA 19107-5571
- IRS Identification Number of Plan Sponsor: 23-1352651
- Plan Number: 001
- Type of Plan: Defined Benefit Pension Plan
- Type of Administration: The Plan is administered by the University (or an individual or entity appointed by the Board of Trustees of the University).

- Plan Administrator: Thomas Jefferson University
  201 South 11th Street
  Philadelphia, PA 19107-5571
  (215) 503-5320

- Agent for the Service of Legal Process: The Plan Administrator at the address listed above. Service may also be made on the Trustee.

- Plan Trustee: Mellon Trust of New England
  135 Santilly Highway
  Evereth, MA 02149-1950

- Plan Year: The Plan Year begins each July 1 and ends each June 30.

C. HOW THE PLAN WORKS

Most benefits provided under the Plan are paid from contributions made by the Employer. The Employer makes contributions as needed to fund benefits provided under the Plan, based on calculations made by the Plan's actuary. Benefit payments are made from the Plan's assets as they become due.

The amount of your benefit under the Plan depends upon (1) your years of benefit service under the Plan and (2) the amount of your compensation. Whether or not you are eligible to receive your benefit depends upon the length of your service with the Employer. (Service with the Employer is described in "Service and Breaks in Service," below.)

The amount of your total benefit may also depend upon (1) amounts transferred from the Jefferson Park Hospital Pension Plan or the Pension Plan of Children's Rehabilitation Hospital as a result of the merger of those plans into the Plan, and (2) the amount of any contributions previously made by you to the Plan or to the Pension Plan of Children's Rehabilitation Hospital if your contributions have been transferred to the Plan (your "accumulated employee contributions"), plus the interest which your contributions generate. Currently, employees may no longer make contributions to the Plan.

D. WHO PARTICIPATES IN THE PLAN

Each employee of the Employer is eligible to participate in the Plan, except (1) a participant in the Thomas Jefferson University Retirement Plan for Faculty and Senior Administrative Staff, (2) an administrative, medical or pharmacy fellow, resident or intern employed from year-to-year, (3) a student enrolled in the University in a course of study leading to a degree who is not regularly employed by the University, (4) an employee who is covered by a collective bargaining agreement, unless the collective bargaining agreement specifically provides for participation in the Plan, (5) a leased employee or (6) an independent contractor.

You will also participate in the Plan if you were a participant in another plan that was merged into the Plan and your benefits and liabilities under that plan were transferred to this Plan.

If you are an eligible employee, you will begin participation in the Plan on the first July 1 or January 1 which coincides with or follows the date you have both attained age 21 and completed an Eligibility Year. (See "Eligibility Years," below.)

E. SERVICE AND BREAKS IN SERVICE

Your eligibility to participate in the Plan, the amount of your benefit under the Plan, and the right you have to receive that benefit after your employment has terminated with the Employer are determined by the length of your service with the Employer. The following paragraphs describe how service with the Employer affects your retirement benefit under the Plan.

Hours of Service

You will be credited with an Hour of Service for each hour for which you are paid or entitled to be paid by the Employer for the performance of duties. If you are paid for non-working periods such as vacation, holiday, and sick time, you will also receive credit for Hours of Service for those periods. You are also credited with an Hour of Service for periods in which you are on a military leave of absence or an authorized leave of absence determined under the policies of the Employer. Generally, no more than 501 Hours of Service will be credited for any single continuous non-working period.

Eligibility Years

You must complete an Eligibility Year in order to participate in the Plan. You will complete an Eligibility Year if you are credited with at least 1,000 Hours of Service during your first 12 months of employment with the Employer. Otherwise, you will complete an Eligibility Year if you are credited with at least 1,000 Hours of Service during any Plan Year.

You will also be credited with Eligibility Years for service with a Jefferson Health System Employer or a Managed Affiliate listed in Appendix A; provided, however, such service must be completed during the five year period before your employment with the Employer.

Vesting Years

Except for accumulated employee contributions (see "Accumulated Employee Contributions," below), the number of Vesting Years which you earn determines what right you have to your benefits under the Plan when you terminate employment. (See "Vesting," below.) Generally, you will complete one Vesting Year for each Plan Year in which you complete 1,000 Hours of Service. This may include all the years you were working at the University or for an eligible affiliate even before you actually become a Plan participant. However, if your first 12 months of employment covers a portion of two Plan Years and if you do not complete 1,000 Hours of Service during either of those first two Plan Years, you may still be credited with one Vesting Year if you are credited 1,000 Hours of Service during your first Eligibility Year and you have become an active participant in the Plan.

You will also be credited with Vesting Years equal to the number of Plan Years in which you completed 1,000 Hours of Service while you were employed by a Jefferson Health System Employer or a Managed Affiliate listed in Appendix A; provided, however, such service must be completed during the five year period before your employment with the Employer.

If you became an active participant in the Plan as a result of the merger of the Pension Plan for Employees of Children's Rehabilitation Hospital or the Jefferson Park Pension Plan, special vesting rules apply to you. Please contact the Plan Administrator if you need additional information (see "General Information" on page one for the address and phone number of the Plan Administrator).

Benefit Years

The number of Benefit Years you complete determines the benefit you may receive when you terminate employment. Generally, you earn one Benefit Year for each Plan Year in which you complete 1,800 Hours of Service while a participant in the Plan.

If you do not complete 1,800 Hours of Service in a Plan Year, you may receive credit for a fraction of a Benefit Year according to the following rules:

If you complete at least 1,000 but less than 1,800 Hours of Service in a Plan Year, you will receive partial credit for a Benefit Year equal to the ratio that the number of your Hours of Service as a participant during that Plan Year bears to 1,800.

EXAMPLE

Lewis participates in the Plan and completes 1,200 Hours of Service in the Plan Year beginning July 1, 2002 and ending June 30, 2003. Lewis works for the full Plan Year. He will earn 1,200 over 1,800 of a Benefit Year for that Plan Year, or 2/3 of a Benefit Year.

If you do not work for a full Plan Year, you will receive partial credit for a Benefit Year equal to the ratio that the number of your Hours of Service as a participant bears to 1,800, as long as you have completed at least 150 Hours of Service multiplied by the number of full months which you have worked during the Plan Year. Thus, if you complete 2 full months of service in a Plan Year before you separate from service, you will need at least 150 Hours of Service times 2, or 300 Hours of Service, before you earn partial credit for a Benefit Year.

EXAMPLE

Jane participates in the Plan from July 1, 2003 to September 15, 2003 before she terminates her employment. Jane completes 300 Hours of Service and 2 full months in the Plan Year beginning July 1, 2003. If Jane is not rehired during the same Plan Year, she will earn 300 over 1,800 of a Benefit Year, or 1/6 of a Benefit Year. If Jane completes less than 300 Hours of Service in the Plan Year, but completes 2 full months of employment, she will not earn a partial Benefit Year because she needs at least 150 Hours of Service times 2 (the number of full months that she worked) in order to receive any credit for the Benefit Year.

You will not earn anything if you work for a full Plan Year and complete less than 1,000 Hours of Service.

Break in Service

A Break in Service affects your eligibility, vesting and benefit accrual under the Plan. You generally will have a Break in Service for any Plan Year in which you earn less than 501 Hours of Service due to a termination of employment or leave of absence (other than an approved medical leave of absence or a leave of absence under the Family Medical Leave Act). For purposes of determining if you have a Break in Service, if you terminate employment because of your pregnancy, the birth of your child, placement of a child with you for adoption, or the care of your child immediately after birth or placement for adoption, you will be credited with the hours you normally work (but only up to 501 hours). These hours will be credited to the Plan Year in which the termination occurs or, if you have already been credited with 501 Hours of Service during that year, to the following Plan Year.

Service Crediting Following a Break

If you were not fully vested before you have five consecutive Breaks in Service, your prior Eligibility Years, Vesting Years, and Benefit Years will be lost.

If you are rehired by the Employer after a Break in Service, your Eligibility Years, Vesting Years and Benefit Years will be restored to you if either:

- you were vested in your Plan benefit prior to the break; or

- you are rehired before you have five consecutive Breaks in Service.

However, Benefit Years will not be restored if you have previously received a lump sum payment (see "Cash-Outs of Small Benefits," below) that has not been completely repaid, plus interest, to the Plan following your Break in Service.

Participation Upon Reemployment

If you terminate employment after becoming a Plan participant and are later reemployed as an eligible employee, you will again become a Plan participant on your rehire date if:

- your employment terminated after you met the requirement for an early retirement benefit or for a deferred vested benefit (see Section H. below); or

- you are reemployed before your eligibility years are cancelled or your eligibility years are cancelled but they are restored (See "Break in Service" and "Service Crediting Following a Break" above).

Otherwise, you will again become a Plan participant only after you satisfy the eligibility requirements for a new employee.

F. VESTING

Vesting refers to your right to receive a benefit from the Plan, even if you terminate employment before you are eligible to retire. You will be fully vested in your Plan benefits when you complete five Vesting Years. You will always be fully vested in any accumulated employee contributions which you made to the Plan.

If you terminate employment before you are vested and are reemployed before you incur five consecutive Breaks in Service (see "Service Crediting Following a Break" above), you will receive credit for your prior Vesting Years upon your reemployment.

In addition, if you became an active participant in the Plan as a result of the merger of the Pension Plan for Employees of Children's Rehabilitation Hospital or the Jefferson Park Hospital Pension Plan into this Plan, you may vest in your Plan benefits according to other rules. Please contact the Plan Administrator if you need more information (see "General Information" on page [one] for the address and phone number of the Plan Administrator).

G. <u>ACCUMULATED EMPLOYEE CONTRIBUTIONS</u>

You are no longer able to make after-tax employee contributions to the Plan except for repayments of distributions you may have received upon termination of employment, as discussed above in "Service Crediting Following a Break." Accumulated employee contributions previously made by you, which are held in the Plan, will continue to accumulate interest at the rates provided under the Plan.

Even if you are not vested in your benefit based on contributions made by the Employer at the time of your termination of employment, you will be entitled to receive a monthly pension based on any accumulated employee contributions which you have made to the Plan. In addition, if your employment with the Employer terminates prior to Normal Retirement, you may elect to receive a lump sum distribution of all or a portion of your accumulated employee contributions held in the Plan or you may elect the automatic form of payment (see "Forms of Benefit Payments" below).

H. <u>RETIREMENT</u>

<u>Normal Retirement</u>

You may retire with a Normal Retirement Benefit (see "Normal Retirement Benefit" below) on the first day of the month after the later of (1) your 65th birthday, which is the normal retirement age under the Plan, or (2) the date you complete five Vesting Years. The type of monthly pension which you receive depends upon your marital status and the form of benefit which you choose.

<u>Early Retirement</u>

Before you are eligible for a Normal Retirement Benefit, you may retire with an Early Retirement Benefit (see "Early Retirement Benefit" below). You are eligible for Early Retirement after you attain age 55 and have completed at least five Vesting Years. You will begin receiving your Early Retirement Benefit on the first day of the month after you retire, or the first day of any month thereafter if you elect to defer the payment of your Early Retirement Benefit. However, you may not defer payment of your Early Retirement Benefit past the date on which you attain age 65. If you do retire early, the amount of your monthly pension will be actuarially reduced since it will be paid over a longer period of time.

Special rules apply if you became a Participant as a result of the merger of the Pension Plan for Employees of Children's Rehabilitation Hospital. Please contact the Plan Administrator if you need more information (see "General Information" on page one for the address and phone number of the Plan Administrator).

Late Retirement

If you choose to work beyond Normal Retirement, you are eligible to receive a Late Retirement Benefit (see "Late Retirement Benefit," below). You will begin receiving your Late Retirement Benefit on the first day of the month coincident with or next following the earlier of (1) the date you retire or (2) your required beginning date. If you attained age 70½ prior to January 1, 2001, your required beginning date is April 1 of the calendar year immediately following the calendar year in which you attain age 70½. If you attain age 70½ after December 31, 2000, your required beginning date is April 1 of the calendar year following the later of (1) the calendar year in which you attain age 70½ or (2) the calendar year in which you terminate employment. However, if you attain age 70½ after December 31, 2000, you may elect as your required beginning date April 1 of the calendar year following the calendar year in which you attain age 70½.

Disability Retirement

You will be considered to be disabled for Plan purposes if you are eligible for and receiving benefits under the Thomas Jefferson University Long Term Disability Plan. If you were determined to be disabled on or after July 1, 1987, you continue to earn Benefit Years and Vesting Years under the Plan as if you were still working for the Employer until the date you stop receiving benefits from the Thomas Jefferson University Long Term Disability Plan. However, if you become disabled before you are a participant in the Plan, you will not receive credit for purposes of Benefit Years or Vesting Years for your period of long term disability.

If you are disabled, your monthly pension benefit will commence no later than the first day of the calendar month coincident with or next following your normal retirement date; provided, however, if you are age fifty-five and have completed at least five Vesting Years, you may elect to receive an Early Retirement benefit.

I. YOUR RETIREMENT BENEFIT

Normal Retirement Benefit

All benefits under the Plan are based on your Normal Retirement Benefit, which is the pension you would be entitled to receive in the form of a monthly payment for your life, beginning on the first day of the month after the later of (1) your 65th birthday or (2) the date you complete five Vesting Years.

The Normal Retirement Benefit is equal to 1/12th of:

(a) 1.1% of your Average Annual Compensation up to 50% of Social Security Covered Compensation, plus

(b) 1.3% of your Average Annual Compensation in excess of 50% of Social Security Covered Compensation, multiplied by

(c) your Benefit Years not in excess of 60 years.

For purposes of calculating your benefit:

- Average Annual Compensation means the average of your compensation for the five consecutive Plan Years during which you are employed by the Employer that produce the highest average. If you have not worked five consecutive Plan Years, your average annual compensation will be based on the number of Plan Years during which you were an active participant in the Plan. Your compensation for a Plan Year is your basic annual rate of pay in effect on July 1 of the Plan Year (before any reduction or increase pursuant to the University's Flexible Benefits Program) up to $200,000. This $200,000 limit on compensation is mandated by federal law and may be adjusted periodically for increases in cost-of-living. This limit became effective beginning in July 1, 2002. Your compensation includes the pay you would have received during a period of qualified military service provided, however, you return to work within a period during which your right to reemployment is protected.

- Social Security Covered Compensation means the 35-year average of the maximum earnings that are subject to Social Security taxes (for Social Security old age and disability benefits, even though greater earnings may be subject to Social Security taxes for Medicare) projected to the calendar year in which you attain social security retirement age, as explained below. If you terminate your employment with the Employer prior to attaining social security retirement age, the maximum earnings which will be considered earnings for Social Security purposes for each subsequent calendar year until social security retirement age are the maximum earnings in effect for such purpose for the year in which you ceased to be an employee. Your Social Security Covered Compensation will be determined by using a table published by the IRS for this purpose.

- Social Security Retirement Age means (a) for any participant born before January 1, 1938, age 65; (b) for any participant born after December 31, 1937, but before January 1, 1955, age 66; or (c) for any other participant, age 67.

You will earn Benefit Years, as explained above in "Service and Breaks in Service."

The Plan guarantees that you will receive a minimum Normal Retirement Benefit of $15.00 per month for each Benefit Year you have earned.

You should know that your Normal Retirement Benefit may vary from the above formula, however:

- Your retirement benefit will not be less than the pension you had accrued on June 30, 1989 under the terms of the Plan's pension formula in effect at that time and based on your average annual compensation determined as of June 30, 1989 plus your accrued benefit determined under the Plan's current pension formula based on your Benefit Years earned on or after July 1, 1989.

- Your retirement benefit will not be less than the actuarial equivalent of your accumulated employee contributions to this Plan or to the Pension Plan for Employees of Children's Rehabilitation Hospital, to the extent contributions were transferred to this Plan.

- Special rules apply if you became a Participant in the Plan as a result of the merger of the Jefferson Park Hospital Pension Plan or the Pension Plan for Employees of Children's Rehabilitation Hospital. Please contact the Plan Administrator if you need additional information (see "General Information" on page [one] for the address and phone number of the Plan Administrator).

Example of Retirement Income

Assume that Richard was born in 1937, started to work for the Employer on July 1, 1972 at age 35, retires at age 65, his social security retirement age, after 30 years of service and is single. During his highest-paid five years with the Employer, his earnings were as follows:

$25,000
27,000
29,000
31,000
33,000
$145,000 ÷ 5 = $29,000 (Average Annual Compensation)

In 2002, the Social Security Covered Compensation amount for someone born in 1937 is $39,444.

Here's how Richard's monthly benefit is determined:

1)	1.1% x $19,722 (50% of $39,444)	=	$216.94
	plus		
2)	1.3% x $9,278 ($29,000 – 19,722)	=	$120.61
			$337.55
3)	$337.55 x 30 Benefit Years of Service ÷ 12	=	$843.88/month

Richard would receive a monthly Normal Retirement Benefit of $843.88 in the form of a single life annuity. This amount, plus his federal social security benefit and his personal savings, provides his retirement income.

Early Retirement Benefit

If you have reached age 55 and have completed five Vesting Years, you are eligible for Early Retirement Benefits under the Plan. If you retire early and choose to begin receiving your monthly benefit before you reach your normal retirement age, the amount of your benefit will be reduced according to how soon payments begin before your normal retirement date. This reduction is made because the Plan has to pay benefits to you over a longer period of time.

The reduction factors are as follows:

- 1/30th for each year you receive benefits before age 60 (or, 3 1/3%)
- 1/15th for each year you receive benefits between ages 61 to 65 (or, 6

2/3%)

As a result of applying these reductions, early retirees will receive the following percentages of their Normal Retirement Benefit:

Age 55 - 50%
Age 60 - 66 2/3%
Age 62 - 80%

For example, if you retire at age 55 with an accrued monthly benefit of $500 and you elect to commence payment of your pension at that time, your monthly Early Retirement Benefit will be approximately $250 ($500 reduced by 50%) per month.

In addition, your benefit will not be less than any accrued benefit you earned under the Pension Plan for Employees of Children's Rehabilitation Hospital as in effect through January 1, 1995 and reduced, if necessary, for early commencement as set forth in that plan.

Late Retirement Benefit

You may continue to work beyond your normal retirement date. If you delay retirement beyond your normal retirement date, your pension will be paid when you retire. When your pension begins, it will be equal to your benefit determined as described in the section entitled "Normal Retirement Benefit," above, using your actual Benefit Years and highest average compensation as of your actual retirement date. If your required beginning date (see "Late Retirement" above) is April 1 of the calendar year in which you terminate employment, your monthly pension will include an actuarial equivalent adjustment to reflect the commencement of payments after April 1 following the year in which you attained age 70½.

Disability Benefit

If you are a participant in the Plan and you qualify for a disability benefit under the Thomas Jefferson University Long Term Disability Plan, your monthly pension will be calculated as described in the section entitled "Normal Retirement," above, using your Benefit Years and Average Annual Compensation as of the date you terminated employment due to disability. You will remain a participant in the Plan, and will be credited with additional benefit service, for as long as you are receiving long term disability benefits under the Thomas Jefferson University Long Term Disability Plan.

Your pension will commence no later than the first day of the calendar month coincident with or next following your normal retirement date. You may elect to receive an early retirement pension, if you have attained age 55 and have five Vesting Years. Your pension will be adjusted annually to reflect additional Benefit Years and the benefits paid to you.

Deferred Vested Benefit

If you terminate employment after you are vested under the Plan as described in the section entitled "Vesting" above, you will be entitled to a deferred pension. Except as described in the section entitled "Cash-Outs of Small Benefits" below, your deferred pension will ordinarily begin on the date that would have been your normal retirement date. However, you may elect to begin receiving your deferred pension on the first day of any month following the month in which you reach age 55.

Your yearly deferred pension will be calculated as described in the section entitled "Normal Retirement Benefit" and will be reduced as described in the section above entitled "Early Retirement Benefit" if you elect commencement before your normal retirement date. If you are rehired after your deferred pension begins, your pension payments may stop while you are working, as described in the section entitled "Reemployment After Retirement" below.

Special rules apply if you became a Participant in the Plan as a result of the merger of the Jefferson Park Hospital Pension Plan or the Pension Plan for Employees of Children's Rehabilitation Hospital. Please contact the Plan Administrator if you need additional information (see "General Information" on page [one] for the address and phone number of the Plan Administrator).

J. MAXIMUM BENEFIT

Total benefits payable to you, your spouse or your Eligible Domestic Partner under the Plan may not exceed certain limits prescribed by law. The Plan Administrator will notify you if any of the maximum benefit limitations apply to you.

K. FORMS OF BENEFIT PAYMENTS

Your pension generally will be paid as a monthly benefit for life, as described below.

Automatic Form of Payment

Unmarried Participants or Participants without Eligible Domestic Partners

Except in the case of a Cash-Out (see "Cash-Outs of Small Benefits" below), if you are not married or do not have an Eligible Domestic Partner when your benefit begins, your benefit will normally be paid in equal monthly installments for your lifetime only (i.e., in the form of a Single Life Annuity). At your death, all benefits cease. The monthly benefit you receive will equal the benefit determined under the section entitled "Normal Retirement Benefit," "Early Retirement Benefit," "Late Retirement Benefit" or "Deferred Vested Benefit," whichever applies to you. You may, however, elect to receive an optional form of benefit.

"Eligible Domestic Partner" means an individual of the same gender as you who meets the following criteria: a) is not married to, or the Domestic Partner of, any individual other than you; b) has been your sole Domestic Partner for at least one year and intends to remain so indefinitely; (c) is not related by blood to you to an extent that would prohibit marriage under the laws of the state in which the eligible employee resides; (d) lives together with you in the same permanent residence; (e) is jointly responsible with you for each other's welfare and basic living expenses; and (f) is not in the relationship solely for the purposes of obtaining benefits under the Plan. You will be required to provide such evidence of a domestic partnership and complete such forms as may be required by the University from time to time.

Married Participants or Participants with Eligible Domestic Partners

Except in the case of a Cash-Out (see "Cash-Outs of Small Benefits" below), if you are married or have an effective Eligible Domestic Partner designation on file with the University when your benefit begins, your benefit will be paid as a joint and 50% survivor annuity (a "Qualified Joint and Survivor Annuity"). A Qualified Joint and Survivor Annuity provides monthly benefits for you during your life and, if your spouse or Eligible Domestic Partner lives longer than you, to your spouse or Eligible Domestic Partner during your spouse's or Eligible Domestic Partner's life. The monthly benefit payable to your spouse or Eligible Domestic Partner upon your death is equal to 50% of the monthly benefit paid to you during your lifetime. The monthly pension that you will receive in the form of a joint and survivor annuity will be less than the monthly pension for your life that you would have received had you been unmarried or did not have an Eligible Domestic Partner. This reduced amount, together with the survivor benefit for your spouse or Eligible Domestic Partner, will have a value that is actuarially determined to be equal to the monthly pension for your life that you would have received had you been unmarried or did not have an Eligible Domestic Partner.

Optional Forms of Payment

You may elect to receive the actuarial equivalent of the pension in the form of a single life annuity payable in equal monthly installments for your lifetime with 120 monthly payments guaranteed (the "Ten Year Certain and Continuous Option"). If you die before you receive all 120 payments, the remaining payments will be made to the beneficiary you name. If you do not die before receiving all 120 payments, you will continue to receive your monthly benefit for life, but there is no coverage for a beneficiary. Your benefit will be lower than a life annuity benefit because of the beneficiary coverage.

If you are married or have an Eligible Domestic Partner you may also elect one of the following optional forms of payment:

- A single life annuity, stopping at your death, which pays you a monthly benefit during your lifetime.

- A joint and survivor annuity payable in monthly installments to you for your lifetime and with 66 2/3% or 100% of the amount of such monthly installments payable after your death to your spouse or Eligible Domestic Partner for the life of your spouse or Eligible Domestic Partner.

Please note that if you select a joint and survivor option, you will receive a reduced benefit during your lifetime. The amount of the reduction will depend on your age, the age of your spouse or Eligible Domestic Partner and the percentage of survivor benefits you choose. The higher the percentage of benefit continuance you select, the greater will be the reduction of your monthly retirement benefit.

Your election of the optional form of payment must be made within the 90-day period before your benefit begins. If you are married or have an Eligible Domestic Partner, your spouse or Eligible Domestic Partner must consent to your election of an optional form of payment. This consent must be in writing, on a form provided by the Plan Administrator, and must be witnessed by a notary public.

If your beneficiary dies before your retirement benefit payments begin, your election of an optional method of payment will automatically be canceled. You would then be free to make another election. However, once your retirement payments begin, you will continue to receive the same reduced amount even if your beneficiary should die.

Special distribution rules apply to individuals who became participants in the Plan as a result of the merger of the Pension Plan for Employees of Children's Rehabilitation Hospital and the Jefferson Park Hospital Pension Plan with and into the Plan. Please contact the Plan Administrator if you need more information.

Cash-Outs of Small Benefits

Regardless of your age at termination of employment, if the lump sum actuarial value of your vested accrued benefit payable to you, or, upon your death, to your spouse or Eligible Domestic Partner, is $5,000 or less, that value will be paid in a single sum as soon as practicable after you terminate employment. Any benefit payable to your spouse or Eligible Domestic Partner upon your death will be made without your spouse's or Eligible Domestic Partner's consent as soon as possible after your death in settlement of all liabilities you have under the Plan. You are not entitled to elect another form of payment or to defer distribution.

Reemployment after Retirement

If you are receiving your retirement benefits from the Plan and are later reemployed by the Employer, or you continue to work after your Normal Retirement Date, your benefits will be suspended (1) immediately if you are reemployed before you reach your Normal Retirement Date, or (2) for each Plan Year in which you work 1,000 Hours of Service if you have reached your Normal Retirement Date. You will be notified in writing by personal delivery or first class mail that your benefits are or will be suspended.

Your pension payable when you terminate employment will be adjusted to take into account, your age, any increase in your average annual compensation and any Benefit Years credited to you since your benefits were suspended, but will also be reduced by the actuarial equivalent of any benefit payment previously received. In addition, if you have a suspension of benefits after reaching your normal retirement date, your pension will be actuarially adjusted to reflect any suspension of benefits attributable to accumulated employee contributions.

L. DEATH BENEFIT

Pre-retirement Death Benefit

If you have a vested interest in your benefit and you die before your benefits have started to be paid to you, your surviving spouse or Eligible Domestic Partner may be eligible for a pre-retirement survivor benefit. In order for your surviving spouse or Eligible Domestic Partner to be eligible for this death benefit, the following conditions must be met:

- you have a vested interest in your Plan benefit when you die; and
- you died before payment of your benefit begins, or you elected to have benefit payments cease and have not had a subsequent payment date.

The death benefit paid to your spouse or your Eligible Domestic Partner will be an annuity for the life of your spouse or Eligible Domestic Partner. If, however, you die before your benefits have started, but after you have elected an optional form of benefit that is a joint and survivor annuity, your spouse's or Eligible Domestic Partner's benefit will be based on the optional form of benefit you elected.

The benefit paid to your surviving spouse or Eligible Domestic Partner will be the benefit your surviving spouse or Eligible Domestic Partner would have received if you:

- had terminated employment on the day of your death;
- had survived to the benefit payment date elected by your surviving spouse or Eligible Domestic Partner;
- had then begun to receive an immediate retirement benefit in the form of a joint and 50% survivor annuity; and
- died on the following day.

Payments to your surviving spouse or Eligible Domestic Partner will begin on the first day of the month following the earliest date on which you could have elected to receive immediate retirement benefits. However, payments to your spouse or Eligible Domestic Partner may not begin later than your normal retirement date, or the first day of the month following the month of your death, if you die after your normal retirement date.

If your surviving spouse or Eligible Domestic Partner dies prior to the date on which his or her benefits begin, the pre-retirement death benefit will be forfeited.

If you do not qualify for the pre-retirement death benefit, but you have made accumulated employee contributions to the Plan, your minimum death benefit will be the return of your contributions plus earned interest.

Death Benefits from Jefferson Park Accounts

If a portion of your benefit was transferred from the Jefferson Park Hospital Pension Plan, special rules apply to the distribution of your benefit upon your death. See your Plan Administrator for additional information regarding your death benefit (see "General Information" on page [one] for the address and phone number of the Plan Administrator).

M. DIRECT ROLLOVERS

Subject to rules determined by the Employer, you may request that all or part of any lump sum distribution from the Plan be rolled over from the Plan to the trustee or custodian of an eligible retirement plan. For this purpose, an "eligible retirement plan" includes an individual retirement account or annuity, your new employer's qualified plan, if that plan accepts rollovers, an individual retirement annuity described in section 408(b) of the Code, an eligible deferred compensation plan described in section 457 of the Code, or an annuity contract described in section 403(b) of the Code.

A rollover can result in deferring the payment of income tax on your distribution. Special tax withholding rules apply to any portion of such a distribution that is not rolled over directly to an eligible retirement plan. See the section entitled "Tax Withholding" below.

N. TOP-HEAVY PROVISIONS

Under current tax laws, plans which become "top-heavy" must meet certain additional requirements. Generally, a "top-heavy" plan is one in which more than 60% of the total accrued benefits under the Plan are for the benefit of key employees. If the Plan becomes top-heavy, the Plan provides for accelerated vesting and enhanced benefit accruals. In the event that the Plan becomes top-heavy, a more detailed explanation of these rules will be provided.

O. TRANSFERRED EMPLOYEES

If you are transferred to Thomas Jefferson University Hospitals, Inc. you will no longer be eligible to participate in the Plan. However, your accrued benefit under the Plan may increase to reflect any increase in your Annual Compensation while employed at Thomas Jefferson University Hospitals, Inc.

Special rules apply to Employees transferred to or from Teamsters Local 830. Please contact the Plan Administrator for more information (see "General Information" on page one for the address and phone number of the Plan Administrator).

P. FUNDING

The Employer makes all contributions to the Plan. The amount of contributions is determined by the Plan's actuary, an independent expert who determines how much money the Employer must put into the Plan. Employees are not required or permitted to make any contributions to the Plan. The assets of the Plan are used only for the purpose of paying benefits to Plan participants and beneficiaries, and paying proper administrative expenses. All benefits under the Plan are payable from a trust fund administered by Mellon Trust of New England.

Q. TAX INFORMATION

Taxation

Because this Plan is intended to qualify for tax exempt status under the Internal Revenue Code, participants have certain tax advantages during participation and, in some cases, when their benefit is distributed. You are not required to pay federal income tax on your benefit until amounts are actually distributed to you.

Generally, federal income tax must be paid on the amount of any payment you receive from the Plan. Also, if the payment is made before you reach age 59½, an additional 10% federal tax is imposed unless the payment is on account of death, disability or termination of employment on or after age 55, or is used to pay deductible medical expenses. State and local taxes may also apply.

Because tax consequences of distributions vary depending on factors such as age, marital status, and other income, you are urged to consult your personal tax advisor to determine how to treat any Plan distribution for tax purposes.

Tax Withholding

Federal income tax must be withheld from any Plan distribution, unless you elect not to have tax withheld. You will receive a tax withholding election form when you receive a distribution. If you elect to have tax withheld from a distribution upon termination of employment, the withheld amount will be calculated according to schedules published by the Internal Revenue Service. In certain cases, the amount withheld may not cover the actual tax due.

If you receive a distribution from the Plan that is eligible for a direct rollover as described in the section entitled "Direct Rollovers" above, and you do not have it transferred directly to an eligible retirement plan, federal law requires the automatic withholding of 20% of the distribution as federal income taxes. You may not elect "no withholding" on such a distribution.

Tax Information on Distributions

You will receive IRS Form 1099-R providing you with tax filing information for all amounts paid to you from the Plan. The form will be sent to you by the January 31 following the year in which a payment was made. As required by law, a copy of the form will be forwarded to the Internal Revenue Service.

R. AMENDING OR TERMINATING THE PLAN

The Employer reserves the right to amend or terminate the Plan in whole or in part at any time. If the Plan is terminated and you are an active employee, all benefits that have accrued to date for you will become nonforfeitable to the extent there are sufficient assets in the Plan to pay them. Upon termination of the Plan, assets will be allocated in accordance with requirements of federal law. After all benefits have been paid and legal requirements have been met, the Plan will return any excess assets to the Employer.

No amendment to the Plan will reduce the amount of benefit you have accrued as of the date of the amendment or divest you of any nonforfeitable right to a benefit. If you have completed at least three Vesting Years, you may elect to have your nonforfeitable rights to the benefits you will accrue determined without regard to the amendment.

S. TERMINATION INSURANCE

Your pension benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under the Plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the Plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates; (2) some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates; (3) benefits that are not vested because you have not worked long enough for your Employer; (4) benefits for which you have not met all of the requirements at the time the Plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your Plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask the Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-377-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at http://www.pbgc.gov.

T. <u>NON-ASSIGNMENT OF BENEFITS</u>

The Plan has been established to help provide financial security for you and your family. For this reason, you may not borrow against the value of your benefit or assign your rights under the Plan as collateral for a loan or for any other purpose. However, all or a portion of your benefit may be assigned under (i) a qualified domestic relations order (i.e., a court order entered in connection with a divorce or support proceeding) to a spouse, former spouse, child or other dependent to satisfy a legal obligation you have to that person, (ii) a federal tax levy, or (iii) a judgment relating to your conviction of a crime involving the Plan or a judgment, order, decree or settlement agreement between you and the Secretary of Labor or the Pension Benefit Guaranty Corporation (the “PBGC”).

U. <u>DOMESTIC RELATIONS ORDERS</u>

Federal law requires the Plan Administrator to honor judgments, decrees or court-approved property settlement agreements arising under state domestic relations laws. To be honored they must require payments of all or part of your plan benefit to your former spouse or your child(ren) and must comply with certain requirements of federal law. These orders must relate to, and must specify that they arise from, child support, alimony, or marital property rights. The Plan Administrator has procedures to respond to such domestic relations orders, known technically as “qualified domestic relations orders” (QDROs). You may obtain, without charge, a copy of such procedures from the Plan Administrator.

V. LOSS OF BENEFITS

Under certain circumstances, your benefits may be lost, reduced or suspended. These circumstances include the following:

- your employment terminates for any reason before five Vesting Years or normal retirement age.
- the Plan is terminated before sufficient assets have been accumulated to pay all benefits. (In this case you may be protected, in full or in part, by the Pension Benefit Guaranty Corporation. See "Amending or Terminating the Plan" above.)
- the Plan is amended to reduce accrued benefits. (This may be done only with the permission of the federal government to avoid severe economic hardship to the Employer. The Employer has no present intention to take such action, but is required by law to inform you of the possibility.)
- you are reemployed by the Employer or an affiliate and your benefits are suspended during your reemployment.
- all or a portion of your benefits are directed to be paid to your spouse, former spouse or child pursuant to a QDRO or are subject to a federal tax levy.
- all or a portion of your benefits are subject to a judgment relating to your conviction of a crime involving the Plan or a judgment, order, decree or settlement agreement between you and the Secretary of Labor or the Pension Benefit Guaranty Corporation.
- you do not provide the Plan Administrator with your most recent address and you cannot be located.
- you fail to make proper application for benefits or fail to provide necessary information.
- benefits paid to you before you reach your normal retirement date will be reduced to account for early payment.
- under the joint and survivor annuity, your benefits will be reduced to permit payments to your beneficiary after your death.

W. BENEFIT CLAIMS

Application for Benefits

Payment of benefits to which you, your spouse, Eligible Domestic Partner or other beneficiary are entitled from the Plan will generally not begin until a written application for those benefits is received by the Plan Administrator.

Claims Procedure

The Plan Administrator will advise you of any benefits to which you are entitled under the Plan. If you believe that the Plan Administrator has failed to advise you or to pay any benefit to which you are entitled, you may file a written claim with the Plan Administrator. The Plan Administrator will respond to your claim within a reasonable amount of time. If you are denied a claim for benefits, in whole or in part, the Plan Administrator will provide you with written or electronic notice of the denial within 90 days of the date your claim is received by the Plan Administrator (or such additional period required by any special circumstances, not exceeding an additional 90 days in which case you will be notified before the beginning of the additional period that additional time is needed). If your claim for benefits is denied, the Plan Administrator will provide you with written or electronic notice setting forth in simple terms:

- ♦ the specific reason or reasons for the denial;
- ♦ specific reference to the Plan provisions on which the denial is based;
- ♦ a description of any additional material needed so that a benefit may be paid and an explanation of why such material or information is necessary; and
- ♦ an explanation of the claims review procedure under the Plan and the time limits applicable to the claims review procedure, including a statement of your right to bring a civil action under section 502(a) of ERISA following denial of your claim under the claims review procedure.

You will also be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim. Within 60 days of the date you receive a notice denying a claim, you or your duly authorized representative may request (in writing) a full review of the claim by the Plan Administrator. In connection with such review, you or your duly authorized representative may review pertinent documents and may submit issues and comments in writing. Appeals not timely filed will be barred.

The Plan Administrator will make a decision promptly, and not later than 60 days after receipt of the request for review, unless special circumstances (such as the need to hold a hearing, if appropriate) require an extension of time for processing. In that case, a decision will be rendered as soon as possible, but not later than 120 days after receipt of the request for review. The decision on review will include a written or electronic statement that will include:

- ♦ the specific reason or reasons for the denial;
- ♦ specific reference to the Plan provisions on which the denial is based;
- ♦ a description of your right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relative to your claim for benefits;
- ♦ a description of any voluntary appeal procedure offered by the Plan; and
- ♦ a statement of your right to bring a civil action under section 502(a) of ERISA.

The Plan Administrator's decision on review will be final and binding on all parties.

X. <u>YOUR RIGHTS UNDER ERISA</u>

As a participant in the Plan, you are entitled to certain rights and protections under ERISA.

ERISA provides that all Plan participants will be entitled to:

- ♦ Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- ♦ Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

- ♦ Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

- ♦ Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to earn such a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. This statement must be provided free of charge.

<u>Prudent Actions by Plan Fiduciaries</u>. In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

<u>Enforce Your Rights</u>. If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of the Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the status of a qualified domestic relations order, you may file suit in a Federal court. If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

<u>Assistance with Your Questions</u>. If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under

ERISA, or if you need assistance obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

APPENDIX A

MANAGED AFFILIATES
(As of July 1, 2003)

Please check with the Plan Administrator to see if other entities have been designated as Managed Affiliates.

Thomas Jefferson University Hospital- Ford Road Campus (prior to January 1, 1995)

Children's Rehabilitation Hospital (prior to January 1, 1995)

Methodist Hospital

Jefferson University Physicians (effective July 1, 1995)

Thomas Jefferson University Hospitals, Inc. (effective September 14, 1996)

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