

IN THE CHANCERY COURT OF JACKSON COUNTY, MISSISSIPPI

IN RE: Singing River Health System Employees' Retirement Plan and Trust

Almond, et al. v. Singing River Health System, et al.; Cause No. 2014-2653

Thompson, et al. v. Singing River Health System, et al.; Cause No. 2014-2695

Bosarge, et al. v. Singing River Health System, et al.; Cause No. 2014-2729

Aguillar, et al. v. Singing River Health System, et al.; Cause No. 2014-2753

Drury, et al. v. Singing River Health System, et al.; Cause No. 2015-0001

Broun, et al. v. Singing River Health System, et al.; Cause No. 2015-0027

Eiland, et al. v. Singing River Health System, et al.; Cause No. 2015-0030

Lay, et al. v. Singing River Health System, et al.; Cause No. 2015-0060

REPORT BY SPECIAL FIDUCIARY TRACI M. CHRISTIAN

Pursuant to the appointment of Traci M. Christian as Special Fiduciary of the Singing River Health System Employees' Retirement Plan and Trust (the "Plan"), the Court has requested a monthly report. The Special Fiduciary brings to the Court's attention the following items for the month of December, 2018.

1. Update – Transition of Investment Management and Custodial Services

Certain classes of the Plan's investments are in the process of moving to Fifth Third Bank for custodial services and will be managed by FCI Advisors under the guidance of Fiduciary Vest. The target date for the transition of assets is January 10. Fifth Third will begin making benefit payments to retirees and other payees of the Plan on February 1, 2019.

On December 17, 2018, a letter informing all current payees of the Plan about the transition was sent via regular mail. A copy of that letter is attached for the Court's reference.

2. Cost Saving Measures

The Court's order of June 23, 2018 directed the Special Fiduciary to transition the actuarial and administrative functions of the Plan to McCloud & Associates, Inc. and also to "add to each of her future reports to the Court a provision stating whether there is a foreseeable time when her scope of work can be reduced, with a corresponding reduction in fees and expenses."

Every effort continues to be made to reduce fees and expenses for the Plan. To that end, McCloud did and will continue to cap the actuarial charges for individual benefit calculations to no more than 10 per month. Currently about 20-25 calculations are processed each month.

3. Update - Return of Contributions for Active Participants

The Plan was amended per the Court's order of August 21, 2018 to allow active participants to withdraw their own contributions in lieu of a retirement annuity benefit. Over 145 participants had made such an election as of September 30. Approximately 100 more have so elected since that date. This window will end on December 31, 2018.

The provision has thus far resulted in a liability gain to the Plan of over \$3.5M. The Special Fiduciary anticipates offering a proposal to the Court in 2019 to make the provision permanent.

4. Return of Contributions for Non-Vested Terminated Participants

According to the most recent Actuarial Valuation, 902 former Plan participants who terminated employment prior to becoming vested in a retirement benefit had yet to receive a return of their employee contributions.

Upon analysis of the data for those participants, the Special Fiduciary noticed that 277 of the 902 had balances of less than \$200. The Special Fiduciary ordered Transamerica to send refunds of Employee Contributions to these 277 participants to their last known address. Because their balances were less than \$200, no withholding or elections for rollover were required.

The Special Fiduciary anticipates offering a proposal to the Court in 2019 to contact the remaining non-vested terminated participants and to present them with an election packet so that they can receive a refund.

The Plan benefits from contributions left behind since no interest earnings are credited on those accounts. However, the Special Fiduciary is charged with protecting the interests of all plan participants. These participants may not realize they are due a refund and it is not in the best interest of non-vested terminated participants to leave their money in this Plan.

5. Firm Name Change

The Special Fiduciary advises the Court that effective January 1, 2019, the actuarial and administrative firm servicing the Plan will be known as McCloud Consulting Group, Inc. This change reflects ownership shift within the organization. No changes to the team of service providers or the scope of services provided to the Plan are being made.

This concludes the report for the 18th day of December, 2018.

Respectfully submitted,



TRACI M. CHRISTIAN



December 15, 2018

To: Participants receiving benefit payments from the Singing River Health System Employees' Retirement Plan and Trust

Dear Plan Participant,

The purpose of this letter is to inform you about the change in payment services we mentioned during our meeting last month. As you may recall, we talked about moving this service from Transamerica to Fifth Third Bank, with headquarters in Cincinnati, OH and offices throughout the Midwestern and Southern United States.

This move is to simply save the plan money. Please note, **No Action Is Needed From You.** This letter is for clarity and information purposes only.

So you know a little about them, Fifth Third is the nation's 13th largest bank. They provide these types of payment and custody services for many clients just like the SRHS Plan. If you are currently receiving benefits, you will begin seeing those payments come from Fifth Third Bank effective with the February 1, 2019 payment.

If you have direct deposit, Transamerica has provided your banking information to Fifth Third, and the same account at your bank will receive the electronic payment as is used for the January 1, 2019 payment. You will receive direct deposit payment information from Fifth Third that will show the pension plan's account at Fifth Third from which payment is issued. For security reasons, the direct deposit account number at your bank will not be on the payment advice.

One thing we ask is that while we are making every effort to transfer all banking and tax information to Fifth Third, please review your pension check or direct deposit advice in February carefully to be certain your information remains just as you have elected. If anything is incorrect, or if you have any questions, please do not hesitate to contact us as soon as possible so we can get it corrected for you.

As for your 2018 taxes: Transamerica will issue you a 1099 just as they have in the past by January 31, 2019. So, if you have questions about 2018 or earlier years, or if you do not receive your 1099, you should still call Transamerica at 800-755-5801. Tax forms for next year (2019) will be from both Transamerica (for the January payment) and Fifth Third (for the remaining 11 months). After that, they will all come from Fifth Third.

For any changes or updates you need to make to your payments, as always, continue to contact Troy Miller at McCloud Consulting Group. You can contact him by phone at 816-792-3838 extension 237 or via e-mail at troy@mcgkc.com. You can also contact me at traci@mcgkc.com or by phone at 816-792-3838, ext 228.

We expect the transition to be smooth, but again, if you have any questions or concerns, please feel free to contact us.

Thank you and have a wonderful Holiday Season.

Sincerely,

A handwritten signature in black ink, appearing to read 'Traci M. Christian'.

Traci M. Christian, EA, MAAA, FCA, MSPA
Special Fiduciary
Singing River Health System Employees' Retirement Plan and Trust