

Retirement Plan Fees and New Services

Frequently Asked Questions

OVERVIEW

WHAT'S HAPPENING?

The investment fiduciaries for the retirement programs administered by Providence Health & Services and its affiliates routinely review the plans' fees and services. As a result of a recent review, the fiduciaries have decided to implement three processes and services, effective April 1, 2018.

1. **Flat fee for administrative services.** Plan administrative expenses will be charged as a flat account fee rather than being paid from "offsets," or credits, that are attributed to some of the investment funds. All caregivers in a plan pay the same fee.
2. **Share classes are transitioning for several of the plans' funds.** If you invest in these funds, your account will receive a revenue credit for a portion of the fund fees you pay, resulting in a lower net cost to invest through the plan.
3. **New investment management service, Fidelity® Portfolio Advisory Service at Work.** With this optional service, you can hand over the day-to-day investment decisions to the professionals at Fidelity for a fee.

WHY ARE WE MOVING TO A FLAT ACCOUNT FEE?

Currently, plan expenses are paid using "offsets," or credits, that are attributed to investments in the plan's funds. That means offsets from your plan's investment funds are used to pay some of the plan expenses. Since everyone invests differently — and not all of the plan's funds offer an offset — caregivers may be viewed as paying different amounts. The flat account fee helps ensure that all caregivers in a plan pay the same fee for plan expenses, regardless of how they invest.

WHAT'S AN "OFFSET?"

An offset is a credit provided as part of an "offset arrangement" with the plans for specific funds. Under the arrangement, a credit — also called an offset — is provided to the plans. Your plan currently receives these offsets and uses them to help pay plan expenses. Effective April 1, 2018, the plan will instead use the offset to provide caregivers with revenue credits if they invest in a fund where this kind of arrangement is in place. Please see pages 4-5 for more information.

WILL I PAY MORE UNDER THE NEW FEE STRUCTURE?

Providence expects the plan's overall costs to be approximately the same.

ABOUT THE FLAT ACCOUNT FEE

WHICH PLANS ARE AFFECTED?

All of the retirement plans administered by Providence Health & Services and its affiliates are affected by the new flat account fee.

403(b), 401(a) AND 401(k) PLANS

- Providence Health & Services 401(a) Service Plan
- Providence Health & Services 403(b) Value Plan
- Multiple Employer 401(k) Plan for Swedish Health Services, Swedish Edmonds, Providence St. Joseph Health, Kadlec, PacMed and PSMG
- Inland Northwest Health Services 401(k) Plan
- Swedish Health Services 403(b) Plan
- Whitman 403(b) Plan

OTHER RETIREMENT PLANS

- Providence Health & Services 457(b) Plan
- Swedish Health Services 457(b) Plan
- ERISA 457(b) Plan
- Whitman 457(b) Plan
- Providence Health & Services Defined Contribution Restoration Plan
- ERISA Defined Contribution Restoration Plan
- Defined Contribution Supplemental Executive Retirement Plan (SERP)
- 457(f) Plan
- 451 Nonqualified Deferred Compensation Plan

HOW MUCH IS THE FLAT ACCOUNT FEE?

All caregivers who participate in a plan will pay the same flat account fee.

403(b), 401(a), & 401(k) PLANS

- You will pay one flat fee of \$11.12 per quarter (\$44.48 per year) for plan expenses, even if you have assets in more than one of the plans.

OTHER RETIREMENT PLANS

- You will pay a flat fee of \$15.50 per quarter per plan (\$62 per year per plan) for plan expenses.

HOW WILL THE FLAT ACCOUNT FEE BE PAID?

If you have assets in more than one of the 403(b), 401(a) and 401(k) plans, the fee will be charged to accounts in the following order:

- Whitman 403(b) Plan
- Inland Northwest Health Services 401(k) Plan
- Multiple Employer 401(k) Plan for Providence St. Joseph Health, Kadlec, PacMed and PSMG
- Multiple Employer 401(k) Plan for Swedish Health Services and Swedish Edmonds
- Swedish Health Services 403(b) Plan
- Providence Health & Services 403(b) Value Plan
- Providence Health & Services 401(a) Service Plan

If you have assets in more than one of the plans listed as “other retirement plans,” the fee will be charged to each plan.

WHAT DOES THE FLAT ACCOUNT FEE PAY FOR?

The flat account fee covers the costs incurred by your plan for recordkeeping, administration, tax reporting, compliance, communications, and other activities associated with the plan’s day-to-day operations.

WHAT IF I DON’T WANT TO PAY A FLAT ACCOUNT FEE? WHAT ARE MY OPTIONS?

The flat account fee applies to all the caregivers who have assets in the retirement plans. Caregivers who are no longer employed are generally able to rollover or withdraw their assets. Remember, however, that taxes and penalties may be due if you take a distribution. Other options may also include fees for the administrator, so be sure to compare fees when considering other options.

WHERE CAN I SEE THE FLAT ACCOUNT FEE I PAY?

You'll be able to find the flat account fee in the *Transaction History* section of your account on **netbenefits.com**. The first fee – and any credits – is expected to post online by the end of July, 2018.

You'll also be able to see the flat account fee beginning with your third quarter 2018 account statement, available in October 2018. Look for the *Administrative Fees* line under *Your Account Activity*.

Your Account Activity		
Use this section as a summary of transactions that occurred in your account during the statement period.		
<i>Activity</i>	<i>Employee Voluntary</i>	<i>Employer Match</i>
Beginning Balance	\$XX,XXX.XX	\$XX,XXX.XX
Employee Contributions	X,XXX.XX	X,XXX.XX
Withdrawals	-X,XXX.XX	-X,XXX.XX
Administrative Fees	-X.XX	-X.XX
Overnight Mailing Fee	-XX.XX	-XX.XX
Revenue Credit	XX.XX	XX.XX
Change in Market Value	XXX.XX	XXX.XX
Ending Balance	\$XX,XXX.XX	\$XX,XXX.XX

For illustration only

ABOUT THE SHARE CLASS TRANSITION

WHAT'S HAPPENING WITH THE FUNDS THAT ARE AVAILABLE IN THE PLAN?

Effective April 1, 2018, some of your plan's funds are transitioning to a different share class. The new share classes provide an offset arrangement to the plans. If you invest in one of these funds, you will receive a revenue credit to your plan account. The revenue credit will be shown on your account statement and will be reinvested in the same fund that generated the credit.

Unrelated to these changes, PIMCO recently announced a global share class change as of Friday, March 23, 2018. PIMCO eliminated the fund (PTTDX) - PIMCO Total Return Fund Class D – (OYM2) on March 23, 2018, and mapped investors to (PTTAX) - PIMCO Total Return Fund Class A - (OLLN). As a result, money currently invested in the PIMCO Total Return Fund Institutional Class will transfer to the PIMCO Total Return Fund Class A instead. Because this change was announced after the brochure's publication, the mapping table on page 5 lists the class D fund rather than class A.

DO I NEED TO DO ANYTHING?

No action is needed unless you want to transfer your investments to a different fund. Remember, you are responsible for selecting your investment funds and may make changes at any time. If you want your investments to transfer differently, you must request any changes before 1:00 p.m. PT on March 31, 2018.

WHAT ARE FUND FEES?

All investment funds charge a fee for investment management, accounting, custody, compliance, shareholder communications, and other activities associated with the day-to-day operation of the fund. A fund's fee is charged as a percentage of the fund's assets and is called its "expense ratio." Fund fees can vary widely and may change over time, depending in part on the type of fund, its management, and the risks and complexities of the fund's strategy.

HOW ARE FUND FEES PAID?

You don't pay fund fees directly. Instead, the fund's fee is deducted from the fund's assets, reducing the fund's return. In some cases, an offset arrangement may exist with the plan for a specific fund, which may reduce the overall net cost to invest through the plan.

When you're choosing your investments, look carefully at the description of fees and expenses, because they can have an impact on how your retirement savings may grow. Remember to balance the fees you pay with the service, support, and performance you receive in return.

WHY IS THE EXPENSE RATIO FOR THE NEW SHARE CLASSES HIGHER?

The plans' investment fiduciaries have always focused on keeping your fees low. The new share class does have a higher fee, or expense ratio — but, if you invest in one of these funds, you will receive a revenue credit in your account. This revenue credit is designed to reduce your net cost to invest through the plan.

WHAT'S A REVENUE CREDIT AND HOW DOES IT WORK?

An "offset arrangement" is in place for several of the plans' funds. Under the arrangement, a credit, or offset, will be provided to the plan. Effective April 1, 2018, if you invest in one of these funds, the plan will use these offsets to provide a revenue credit to your plan account. The revenue credit will be shown on your account statement and will be reinvested in the same fund that generated the credit.

The amount you receive is based on the amount you have invested in the fund. For example, imagine you invest \$5,000 in a fund with an expense ratio of .50% and a revenue credit of .20%.

- **As an investor in the fund, you pay \$25 during the year to invest in that fund (.005 x \$5,000).** Remember, you don't pay this fee directly. Instead, the fee is deducted from the fund's assets.
- **During the year, you also receive a \$10 revenue credit to your plan account (.002 x \$5,000).** That revenue credit is reinvested in the fund.
- **So, between the fund's expense ratio and the revenue credit, your net cost to invest is \$15.**

WHERE CAN I SEE MY REVENUE CREDITS?

If you invest in a fund that provides a revenue credit, you'll be able to see your credit in the *Your Account Activity* section. Look for the *Revenue Credit* line.

You'll also be able to find the revenue credit in the *Transaction History* section of your account on netbenefits.com.

Your Account Activity		
Use this section as a summary of transactions that occurred in your account during the statement period.		
Activity	Employee Voluntary	Employer Match
Beginning Balance	\$XX,XXX.XX	\$XX,XXX.XX
Employee Contributions	X,XXX.XX	X,XXX.XX
Withdrawals	-X,XXX.XX	-X,XXX.XX
Administrative Fees	-X.XX	-X.XX
Overnight Mailing Fee	-XX.XX	-XX.XX
Revenue Credit	XX.XX	XX.XX
Change in Market Value	XXX.XX	XXX.XX
Ending Balance	\$XX,XXX.XX	\$XX,XXX.XX

For illustration only

ABOUT FIDELITY® PORTFOLIO ADVISORY SERVICE AT WORK

WHAT IS FIDELITY® PORTFOLIO ADVISORY SERVICE AT WORK?

Fidelity® Portfolio Service *at Work* is an investment management service that will be offered through the plans beginning April 2, 2018.

Using Fidelity® Portfolio Advisory Service *at Work*, you can delegate the day-to-day management of your plan account to the professional investment managers at Fidelity — no more researching and choosing investments or rebalancing your account. **This service is available for a fee.**

HOW DOES THE SERVICE WORK?

Based on your age, expected retirement date, savings amount, risk tolerance, and financial situation, the investment professionals at Fidelity choose an investment strategy for your account using the plan's investment options. They will then revisit your portfolio several times a year to address changes in the market, the plan's investment lineup, or your personal or financial situation.

WHAT IS THE FEE FOR THIS SERVICE?

If you choose to enroll in Portfolio Advisory Service *at Work*, you pay a target net advisory fee of 0.36% of your average daily balance for the service¹. For example, if your average daily account balance for the year is \$10,000, you will pay a target net advisory fee of \$36 for the year. The advisory fee is deducted from your account so it doesn't affect your take-home pay. And you can opt out of the service at any time with no cancellation fee.

IS THERE A DISCOUNT ON THE FEE IF I'M AN EARLY ENROLLEE IN PORTFOLIO ADVISORY SERVICE AT WORK?

Yes. If you sign up between April 2 and October 15, you will receive 50% off of the advisory fee for the first 180 days you are in the service².

WHAT HAPPENS IF I HAVE ASSETS IN MORE THAN ONE OF THE PLANS?

If you have assets in more than one plan and want to use Portfolio Advisory Service *at Work* for multiple plans, you'll need to enroll separately for each plan. Note that you will pay the fee for each plan that is enrolled. The fee is calculated as a percentage of the total assets Portfolio Advisory Service *at Work* manages on your behalf¹.

IF I AM CURRENTLY ENROLLED IN THE MODEL PORTFOLIOS, CAN I ENROLL IN PORTFOLIO ADVISORY SERVICE AT WORK?

Both services provide investment management of your retirement savings account. If you would like to use Portfolio Advisory Service *at Work*, you'll first need to opt out of the Model Portfolio. To opt out, please go to Road2Retirement. Once opted out of the Model Portfolio, you may enroll in Portfolio Advisory Service *at Work* on NetBenefits, or by calling a Fidelity Planner at 866-811-6041.

WHO CAN I CALL IF I HAVE QUESTIONS ON WHETHER THIS SERVICE IS RIGHT FOR ME?

A Retirement Planner at 866-811-6041 can talk with you about your timeframe, your risk tolerance, and your overall financial situation to help determine the appropriate approach for you.

¹ The advisory fee may vary each period depending on the investments made on your behalf. Given the investment options available in your plan, we anticipate that the net advisory fee will fall between 0.51% and 0.21%. Please see the terms and conditions of the service for additional information. The advisory fee for your account does not include underlying fund expenses charged at the individual fund level for any funds in your account. These are the standard expenses that all mutual fund shareholders pay. For more information on advisory fees, including a detailed fee schedule, please call Fidelity at 866-811-6041. Please consult the prospectus for more information.

² Special offer: You will receive an advisory fee discount equal to 50% off the annual target net advisory fee for 180 days. At the end of the period, your account will begin to be charged the full advisory fee applicable to your plan. No additional communication will be sent to you at the conclusion of the offer. To un-enroll in the service at any time, call Fidelity at 866-811-6041. This offer is subject to change or cancellation without notice. Please consult the prospectus for more information.

Fidelity Portfolio Advisory Service *at Work* is a service of Strategic Advisers, Inc., a registered investment adviser and a Fidelity Investments company. **This service provides discretionary money management for a fee.**

RESOURCES FOR MORE INFORMATION

I STILL DON'T COMPLETELY UNDERSTAND THIS CHANGE. WHO CAN I CALL WITH QUESTIONS?

You can get one-on-one help with your questions from a Fidelity Representative at **800-343-0860**.

WHERE CAN I FIND MY FUND FEES?

You can find each fund's fee, or expense ratio, on your account statement in the *Investment Performance* section. Alternatively, expense ratios and other important fund information are shown in the *Investment Performance and Research* section of **netbenefits.com**.

WHERE CAN I GET MORE INFORMATION ABOUT PORTFOLIO ADVISORY SERVICE AT WORK?

If you have questions and want one-on-one help from a Fidelity Representative, call **866-811-6041**. You also can learn more about the service at **fidelity.com/professionalmanagement**.

Keep in mind that investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917
© 2018 FMR LLC. All rights reserved.

837462.1.0