A good thing is getting even better

Your Retirement Savings Plan

As a part of Stanford Medicine, you help us bring the benefits of health, healing, and knowledge to the world. In recognition of your work, we offer a generous rewards program that includes your 403(b) savings plan: the Stanford Health Care Retirement Savings Plan (RSP) for employees of Stanford Health Care and Lucile Packard Children's Hospital.

The hospitals routinely review the RSP to ensure that it continues to meet your needs. We are working to make the RSP easier to understand and participate in.

This brochure is designed to help you understand what's changing in 2024 so you can get the most from your RSP account.

Stanford MEDICINE Health Care

Stanford MEDICINE Children's Health

What's changing?

Introducing new Roth features

Effective January 2024, Roth contributions will be available in the RSP. You can also convert your existing account balances (employee and employer accounts) to Roth, using a "Roth in-plan conversion." These new Roth features give you an opportunity to build potentially tax-free income for retirement. See **Roth dollars in the RSP** for more information about the new Roth features. The following shows the types of contributions you can make to the RSP. As a reminder, your employer contributions (basic and match) are considered pre-tax.

CURRENT:
Pre-tax contributions

Contribute pre-tax dollars now; pay taxes when you withdraw your money in retirement.[1]

NEW!
Roth contributions

Contribute after-tax Roth dollars now; potential for tax-free withdrawals in retirement.[2] See **Roth dollars in the RSP** for more details about who may benefit from Roth contributions.

CURRENT:
After-tax contributions

Save more than the IRS pre-tax/Roth contribution limit by contributing additional after-tax dollars.[1]

NEW!
Roth In-plan Conversions

Opportunity to build potentially more tax-free retirement income[2] by converting existing pre-tax, after-tax, match, and basic accounts to Roth.

You can also automatically convert your after-tax contributions to Roth each paycheck.

[1] Pre-tax and Roth contributions are limited to $22,500 in 2023 ($30,000 if 50 or older) in any combination of pre-tax and/or Roth dollars. These limits increase to $23,000 in 2024 (or $30,500 if 50 or older). **As of January 1, 2024, if you are age 50+ and your FICA wages are over $145,000 in 2023, your catch-up contributions will automatically be made on a Roth basis.**

[2] Roth distributions are federally tax-free on Roth earnings when withdrawn after the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½; disability; or death when you take a distribution.

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What's changing continued

Simplified RSP eligibility requirements for Hospital Contributions

Waiting period

Effective January 1, 2024, you will be eligible for the RSP after simply completing 12 months of service. Until now, the RSP required you to work 1,000 hours during a 12-month period.

Date of eligibility

Effective January 1, 2024, RSP eligibility will change to the anniversary date of when you complete 12 months of service. Until now, the date of RSP eligibility was the first payroll period following the date you complete a year of service.

Hospital contributions

Regular employees will be eligible for hospital contributions beginning with the pay period that includes your date of eligibility.

Expanding access to after-tax contributions

Relief employees will be able to make after-tax contributions effective January 1, 2024, and regular employees will no longer have to complete a waiting period to make after-tax contributions. If you are already contributing up to the IRS pre-tax/Roth contribution maximum to the RSP, after-tax contributions allow you to save even more.

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Helping you get the full RSP match

New match true-up

The RSP will offer a match true-up effective January 1, 2024. After the end of each year, the RSP will compare the match you received each pay period to the match you are entitled to based on the total amount you contributed during the year and your annual eligible pay. If you didn't receive the full matching contribution you were eligible for during the year based on your total deferrals, you will receive a match true-up, which will be credited to your account typically by the end of the first quarter following the end of the Plan year and no later than required by applicable law.

For most, this true-up feature helps make sure you get the full matching contribution for the year, even if you contribute less than your matching contribution rate in some pay periods and more than your matching contribution rate in other pay periods. Currently, the match is determined based on your contributions and eligible pay as of each payroll period. You will be eligible for a match true-up even if you take a leave of absence or leave the hospitals during the year.

New RSP contribution modeling tool

The RSP will introduce a new online tool to help you determine the best way to contribute pre-tax, Roth and after-tax contributions so you can get your full match and basic contributions. The new tool will be available in early 2024. We'll alert you when the tool is ready. Due to IRS pre-tax/Roth contribution limits some employees will need to contribute after-tax contributions to receive their full match. Try to avoid contributing a level of after-tax contributions that would cause you to miss out on basic and matching contributions, including the match true-up.

New match true-up replaces the after tax spillover feature

The RSP's current after-tax spillover feature is designed to ensure you receive your maximum match each payroll period, but requires you to make after-tax contributions once your pre-tax contributions reach the IRS contribution limit. Since the new match true-up feature does the same without requiring you to make after-tax contributions, the after-tax spillover will be replaced with the new match true-up effective January 1, 2024.

The hospitals recommend that you actively review your contribution elections to make sure you are you are getting your full match by contributing at your match rate. For example, if you are eligible for a 5% match you should contribute at least 5%. If you would like to continue making after-tax contributions without the spillover, please be sure to make an after-tax deferral election by logging into **netbenefits.com**.

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How the new match true-up works

Since the match is made each pay period, the best way to get the full matching contribution is to contribute evenly throughout the year. But if you don't, the match true-up will help make sure you get all the matching contributions you are eligible for based on your total contributions for the year.

New match true-up compared to after-tax spillover

Example

Here is an example of the match true-up compared to the after-tax spillover feature. Imagine Chris contributes $22,500 in pre-tax contributions for the year (the IRS maximum for 2023). **Notice that, under the match true-up, Chris still receives the full match, without having to make after-tax contributions.**

	Calculated under After-tax Spillover	Calculated under Match True-up
Chris' pre-tax annual contributions	$22,500	$22,500
Chris' automatic after-tax spillover contributions*	$1,662	$0
Match on pre-tax	$9,138	$9,138
Match on after-tax	$1,662	N/A
True-up match (applied after year end)	N/A	$1,662
Total match	**$10,800**	**$10,800**

*Starts when pre-tax contributions reach the IRS annual contribution limit.

This hypothetical example is for illustration only. Your own experience will vary.

How the updated RSP works

Enrollment

You can enroll and start making contributions at virtually any time. Just go to **netbenefits.com/easy** and choose a savings approach that suits you today. You can adjust your deferral rates at any time to fit your changing needs. If you prefer, you can call Fidelity at **1-800-343-0860** to make your contribution elections.

Your contributions

The RSP gives you three ways to contribute: pre-tax, Roth, and after-tax. Note that each type of contribution is taxed differently and offers different advantages. Here are the details:

	Pre-tax contributions	Roth contributions (NEW!)	After-tax contributions
How does it work?	You pay no taxes on these contributions now. In retirement, you pay taxes on both your contributions and any earnings when you withdraw them.	You pay taxes on these contributions now. In retirement, you have the chance to withdraw your contributions, as well as any earnings, tax free as long your withdrawal meets certain conditions.* To see who might be interested in Roth contributions, see **Roth dollars in the RSP**.	You pay taxes on these contributions now. You will pay taxes on any earnings at withdrawal.
How much can you contribute?	You can contribute up to 75% of your eligible pay in any combination of pre-tax or Roth contributions, up to a total of $23,000 in 2024 (or $30,500 if you are age 50 or older).		You can contribute up to 15% of your eligible pay as an after-tax contribution.

Your pre-tax, Roth, and after-tax contributions combined cannot exceed 90% of your eligible pay. The total of all contributions to your RSP account (pre-tax, Roth, after-tax, match, and basic) cannot exceed $69,000 in 2024 (excluding any age 50 catch-up contributions).

*In general, Roth distributions are federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death at time of distribution.

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How the updated RSP works continued

RSP contributions

Matching contribution

Once Regular employees have met the 12-month waiting period, matching contributions are made on your pre-tax, Roth, and after-tax contributions.

Regular employees

The hospitals will match your contributions dollar for dollar up to your match percentage. Your match percentage is based on your years of service, as follows:

Year of service	Match Amount
Less than 5 years of service	Up to 5% of pay you contribute
At least 5 years but less than 10 years of service	Up to 6% of pay you contribute
10 years of service or more	Up to 8% of pay you contribute

House staff

Once House staff employees have met the 12-month waiting period, the hospital will match your contributions dollar for dollar, up to 2% of eligible pay you contribute.

Automatic basic contribution

Once Regular and House staff employees have met the 12-month waiting period, the hospital provide an automatic "basic contribution" each pay period. You get this contribution even if you don't contribute yourself.

Regular employees

If you have met the 12-month waiting period, the basic contribution is 5% of your eligible pay.

House staff

If you have met the 12-month waiting period, the basic contribution is 2% of your eligible pay.

If you are an eligible relief employee, you may be eligible for an annual basic contribution if you have met the 12-month waiting period, work 1,000 hours during the year, and are actively employed on the last day of the plan year.

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How the updated RSP works continued

When your contributions vest

You are always 100% vested in your contributions and the hospital contributions. This means you are entitled to 100% of your account balances if you leave Stanford Health Care or Lucile Packard Children's Hospital for any reason.*

Access to your money

You may borrow from your account for any reason. Withdrawals from the Plan are generally permitted when you terminate your employment, retire, reach age 59½, become permanently disabled, or have a severe financial hardship, as defined by the RSP. To learn more, review the Summary Plan Description, go to **netbenefits.com**, or call **1-800-343-0860**.

Start small now and build up over time—hands free.

Did you know you can start with a small contribution now, and increase it over time, automatically? The RSP's Annual Increase Program lets you increase your contributions by as little as 1% each year. To sign up, log in to **netbenefits.com** and click the *Quick Links* menu, then choose *Contribution Amount*. Scroll down and click on *Annual Increase Program*.

*IRS rules require you to separate from all Stanford Controlled Group employers before you can fully access your funds.

Roth dollars in the RSP

A Roth contribution is an after-tax contribution to the RSP that gives you the opportunity for tax-free income in retirement. This is because qualified Roth distributions (including earnings) can be withdrawn free of federal income tax.*

When you can withdraw Roth dollars tax-free

In exchange for tax benefits, the IRS limits tax-free Roth withdrawals by requiring a five-year "aging" period.

The five-year "clock" generally starts from the first day of the first year of your first Roth contribution or Roth in-plan conversion.

Withdrawals of Roth earnings are tax-free if taken after 59½ (or due to disability or death) and after the five-year holding period is met.

*Roth distributions are not subject to federal income tax when withdrawn after the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½; disability; or death at the time of your distribution.

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Who might benefit from Roth contributions

Here are five scenarios.

Are you a younger saver?

In general, the younger you are when you start making Roth contributions, the more you may benefit. Why? Because you have a longer time frame for potential growth and to benefit from the power of compounding. Most likely you are also in a lower tax bracket as you begin your career.

Think your income tax rate will be higher in retirement?

If you think your tax rate will be higher in retirement when you take your distributions (either due to higher income or higher overall tax rates), consider making Roth contributions. You may be able to pay your taxes now at a lower tax rate.

Want tax flexibility in retirement?

Once you retire, your expenses may vary more year-to-year than they do today. Roth dollars can help you cover larger expenses, potentially without increasing your taxable income for the year. And, if you have a combination of pre-tax and Roth contributions, you have flexibility to choose which distribution type to take based on your tax situation.

Interested in leaving tax-free money to your beneficiaries?

Roth dollars are potentially free of federal income taxes to beneficiaries of inherited retirement savings. The pros and cons are subtle and complex, so consult an attorney or estate planning expert before attempting to use your RSP as part of your estate plan.

Not eligible to contribute to a Roth IRA?

While income limits may prevent you from contributing to a Roth IRA, these income limits do not apply to the RSP. So if you're not eligible to contribute to a Roth IRA due to income limits, but would like potentially tax-free income in retirement, consider Roth contributions.

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Roth dollars in the RSP continued

How Roth in the RSP differs from a Roth IRA

There are two advantages to Roth in the RSP.

No income limit

- There's no income limit to make Roth contributions to the RSP.
- Your ability to contribute to a Roth IRA phases out as your income rises.*

Higher contribution limit

- You can contribute up to $23,000 in any combination of pre-tax or Roth contributions ($30,500 if you're 50 or older) to the RSP.
- Your contributions to Roth and traditional (pre-tax) IRAs are limited to $7,000 ($8,000 if you're 50 or older), depending on your income.

*In 2024, your ability to contribute to a Roth IRA begins to phase out when your modified adjusted gross income reaches $146,000 if you are a single filer and $240,000 if you are married filing jointly.

Roth distributions are not subject to federal income tax when withdrawn after the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½; disability; or death at the time of your distribution.

Converting Roth in the RSP

Converting your RSP contributions to Roth gives you the chance to build additional tax-free retirement income. It can also help you to manage your taxes, both now and in the future.

An opportunity for tax-free withdrawals

A Roth in-plan conversion lets you convert some or all of your pre-tax, after-tax, and rollover contributions—including any related earnings—to Roth inside the plan. You can also convert matching and basic contributions, along with any related earnings.

Once contributions are converted to Roth, you generally can withdraw those converted dollars—including any related earnings—federally tax-free for a qualified withdrawal. In general, Roth withdrawals are tax free as long as it has been at least five tax years from the first day of the year in which you made your first Roth contribution or Roth in-plan conversion, and once you reach age 59½, or die, or become disabled.

How taxes are handled for a Roth in-plan conversion

You will owe taxes on any money that has not been taxed before. Income taxes are not withheld at the time of conversion, so you will be responsible for paying these taxes when you file your tax return.

- When you convert after-tax contributions, you will owe taxes on any investment earnings that have accrued before your conversion date.
- When you convert pre-tax contributions, you will owe taxes on your contributions as well as any investment earnings that have accrued before your conversion date.

For more information about the tax implications of converting contributions to Roth, or to request a Roth in-plan conversion, call Fidelity at **1-800-343-0860** and ask to speak with a Fidelity Representative.

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Converting to Roth in the RSP continued

How to convert RSP money to Roth

To convert contributions to Roth, call **1-800-343-0860** and ask to speak with a Fidelity representative. There are two ways to convert:

1. **Automated daily conversions of after-tax contributions.** Automated daily conversions are designed to make converting after-tax contributions simpler. Call Fidelity at **1-800-343-0860** to sign up. Automated daily conversions help reduce your tax liability by eliminating the time that after-tax contributions, deducted through payroll, will have to accrue taxable earnings.
2. **One-time conversion of any type of contribution.** To request a one-time conversion of pre-tax, after-tax, rollover, matching, and/or basic contributions, call Fidelity at **1-800-343-0860**. Tell the representative you are considering converting your existing account balance to Roth. Remember that taxes will be due on any pre-tax employee or employer contributions and any earnings at the time of conversion.

Do you already have after-tax contributions in your RSP account?

Consider converting your existing after-tax money in your account before you make any new after-tax contributions. That is because each time you make a conversion, you pay taxes based on all the after-tax earnings in your account. In other words, if you have an existing after-tax balance, and then decide to convert new after-tax contributions, you may owe taxes on a proportional amount of your account balance that includes earnings. The taxable portion of your conversion will be reported as taxable income.

Use a Roth in-plan conversion to convert some or all of your existing after-tax balance.

Convert some or all of your existing after-tax account balance—contributions and investment earnings—to Roth within the RSP. You will owe taxes on any investment earnings in the year you convert. Income taxes are not withheld at the time of conversion, so you will need to pay the taxes from money you hold outside of your RSP.

Consider this option if you want to keep your money in the RSP.

Note: Roth in-plan conversions are irrevocable, so you may wish to discuss the option, and your strategy for paying the taxes outside the Plan, with your financial advisor.

Examples of people like you

Studies show that making a commitment to saving on your own can help you feel more secure in retirement. Whether you are just getting started at the hospitals or you've been here for a while, the RSP can help you put yourself first.

Get your full match

Meet Kit

Age: 25

Annual pay: $100,000 | Years of service: 2

Kit's contribution rate: 2% | Matching contribution Kit is eligible for: 5%

Automatic basic contribution: 5%

I haven't thought much about saving for my future. Buying a car and renting an apartment have been my top priority. But then someone told me that saving on your own can help you feel more positive about the future. So I decided to put some money away before I can spend it. And I do feel more in control. I'm starting at 2%, but I'd really like to contribute enough to get the full match.

If Kit contributes 5% instead to get the full match, and increases their contribution to 6% and 8% when their eligible match rate increases, by age 65 Kit could have:

$1,592,391 more for retirement

Start contributing early

Meet Kai

Age: Hired at age 35, begins contributing 8% at age 45

Annual pay: $100,000 | Years of service: 10

Kai's contribution rate: 8% | Matching contribution Kai is eligible for: 8%

Kai's automatic basic contribution: 5%

Between kids and career, I have a busy schedule. I'm working hard just to get through each day! Until now, I couldn't contribute to the RSP because I have been helping my daughter with some unexpected expenses. But it's time for me to get serious about my future. I'm going to start contributing 8%. Plus, I'm going to use the automatic increase feature to get to 10% over the next few years.

If Kai begins contributing 5% at age 36 instead, and increases their contribution to 6% and 8% when their eligible match rate increases, by age 65 Kai could have:

$350,087 more for retirement

*These hypothetical examples assume the following: (1) starting annual gross pay of $100,000 with no annual pay increases; (2) Roth and/or pre-tax contributions of 2%, 5%, 6%, and 8% of pay, respectively; (3) all contributions made bi-weekly at the beginning of the period by benefit-eligible employees for 20 years, 29 years, and 40 years, respectively; (4) matching contributions of 5% for years 1-4, 6% for years 5-9, and 8% for all remaining years of service until age 65; (5) automatic basic contributions of 5% from now until age 65; and (6) an annual rate of return of 6%. The ending values do not reflect taxes, fees or inflation. If they did, amounts would be lower. Earnings and pre-tax contributions (including match and basic) are subject to taxes when withdrawn. Distributions before age 59½ may also be subject to a 10% early withdrawal penalty. Contribution amounts are subject to IRS and Plan contribution and compensation limits. Systematic investing does not ensure a profit or guarantee against a loss in a declining market. This example is for illustrative purposes only and does not represent the performance of any security. Consider your current and anticipated investment horizon when making an investment decision, as the illustration may not reflect this. The assumed rate of return used in this example is not guaranteed. Investments that have potential for 6% annual rate of return also come with risk of loss.

These hypothetical examples are for illustration only. Your own experience will vary.

How to access your account

Enroll in the RSP

Go to **netbenefits.com/easy**. Authenticate with birthdate and the last four digits of SSN, then choose the savings approach that suits you.

Update your contributions

Log in to **netbenefits.com**.

Click *Contributions* under the *Quick Links* menu. Make changes to your contributions as desired. You can also use the free NetBenefits app, available from your app store.

Ask questions

Call **1-800-343-0860** for help with the new Roth features, making changes to your account, or other questions.

Get help from a Fidelity Workplace Financial Consultant.

You can meet with a Fidelity Workplace Financial Consultant by phone or in a video conference. Go to **www.fidelity.com/askus** to learn more.

Call 800-642-7131

to schedule an appointment at a time that works for you.

Click or scan

to **schedule an appointment online**.

Frequently asked questions

How does a match true-up work?

This RSP match is made on a per-pay-period basis, so you may not receive the full match if you did not contribute consistently to the RSP during the year, or you reached the IRS contribution limit before the end of the year. Starting in 2024, the hospitals will perform calculations at the end of each Plan year to ensure that you receive the appropriate match amount based on your total annual contributions and annual eligible pay. The true-up match for the current year will be credited to your Fidelity account by the end of the first quarter in the following year.

Which contribution type is right for me?

Each type of contribution offers different advantages. Here are a few scenarios showing when each contribution type may be beneficial. For help evaluating your own situation, call Fidelity at **1-800-343-0860**.

Consider pre-tax contributions if:

- You want a way to reduce your taxable income now.

Consider Roth contributions if:

- You are relatively young, since your contributions will have more time to hopefully grow.
- You think your income tax rate will be higher in the future.
- You want potentially tax-free income to help provide tax flexibility in retirement.*
- You earn too much to contribute to a Roth IRA. There are no income limitations on Roth contributions to the RSP.

Consider after-tax contributions if:

- You are making the maximum pre-tax or Roth contribution and want to contribute even more.

*In general, Roth withdrawals are federally tax-free if it has been at least five years since the first day of the year in which you made your first Roth contribution and one of the following conditions have been met: age 59½; disability; or death at time of distribution.

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Frequently asked questions continued

I'm barely getting by with what I have today, let alone thinking about retirement. What should I do?

Even if you have other immediate financial needs, you can still begin to plan ahead. Contributing a small amount through payroll deduction—before you have a chance to spend it—is one of the easiest, most effective ways to help develop good savings habits. See how contributing just 1% more of pay can make a difference over time at **fidelity.com/powerofsmallamounts**.

Is there an easy way to increase my contribution gradually over time?

Yes! You can increase your contributions a little more each year with the RSP's Annual Increase Program. Sign up once, and your contributions will automatically increase every year at the rate you choose. Log in to **netbenefits.com** and click the *Quick Links* menu, then choose *Contribution Amount*. Scroll down and click on *Annual Increase Program*. To learn more, call Fidelity at **1-800-343-0860**.

What if I have a financial emergency and need the money in my account?

You can borrow from your RSP account for any reason if your Plan account balance is $2,000 or more. The amount you can borrow is based on your pre-tax, Roth, after-tax, and rollover contributions. You may not borrow from your matching and basic contributions. The RSP allows you to hold two outstanding loans at a time.

You can withdraw your rollover contributions at any time, for any reason.

If you have a severe financial hardship as defined by the RSP, you may qualify to withdraw your pre-tax, Roth, and after-tax contributions.

To learn more, go to **netbenefits.com** or call Fidelity at **1-800-343-0860**.

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Frequently asked questions continued

I have a retirement account at my old job. Can I move that money into my RSP account?

Yes. This is called a rollover contribution. Consolidating your retirement accounts with a rollover makes keeping track of your money easier, and gives you access to your savings in one place, if needed. And you can withdraw your rollover contributions at any time, for any reason.

You can roll over eligible qualified plan distributions of pre-tax, Roth, and after-tax dollars from a previous 401(k), 401(a) plan, or 403(b) plan. You can roll over eligible pre-tax contributions from conduit individual retirement accounts (IRAs). A conduit IRA is one that contains only money rolled over from an employer-sponsored retirement plan that has not been mixed with regular IRA contributions. Learn more at **netbenefits.com**, or call Fidelity at **1-800-343-0860**.

If I leave the hospitals, can I take my account with me?

Yes. You can take your own contributions, your matching contributions, and basic contributions. You can generally roll over your account balance into another employer's plan or an individual retirement account (IRA). You will need to check with your IRA provider or your new employer's plan to determine which contributions are eligible for rollover. Note that the plan restricts withdrawals until the employee has been termed for 30 days.

You must wait 30 days to request a distribution upon termination of employment with the hospitals (and all employers in the Stanford Controlled Group).

Investing involves risk, including the risk of loss.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

Fidelity Brokerage Services LLC, Member NYSE, **SIPC**, 900 Salem Street, Smithfield, RI 02917
1105369.1.0

Shouldn't everything this good be this easy?

Experts agree: Contributing to a workplace retirement savings plan is one of the smartest financial moves you could make.

- You contribute through payroll deductions, so you save some of your money before you can spend it.
- The hospitals help your money grow with matching contributions as well as a basic contribution.
- You can invest your money, so it has a chance to earn potential investment gains.

The earlier you start, the more time your money has to grow. So put the RSP to work for you. Enroll at **netbenefits.com/easy** or call Fidelity at **1-800-343-0860**.