

What do I need to do as a Per Diem?

IMPORTANT DECISION

Make your enrollment decision

You are eligible to begin contributing to the Keogh Plan upon becoming a Partner. However, **your decision to participate** in the Keogh Plan must be made during your enrollment period, as described below.

Given the strict eligibility rules for the Keogh Plan, it is important to have this election on file as a Per Diem physician. Should you wait until you are an Associate, you may miss your enrollment period. Missing the deadline means the Associate elected not to contribute to the Keogh Plan. This decision cannot be changed in the future.

Having a Keogh Plan election on file provides no guarantee that you will become a Partner with SCPMG. Elections only apply if you become a Partner and are eligible to make contributions under the Keogh Plan.

IMPORTANT TIMING

Know when your enrollment period ends

The Keogh Plan election deadline depends on whether an Associate has:

- **6 months or more of service** at SCPMG as a Per Diem at the time of transfer to Associate, or
- **Less than 6 months of service** at SCPMG as a Per Diem at the time of transfer to Associate.

THIS IS A ONE-TIME, IRREVOCABLE DECISION.

6 Months or More of Service—If the Associate has **6 or more months of service at the time of transfer and transferred to an Associate from:**

- **January 1 through June 30**, then the Associate will have 6 months from the date of transfer to Associate to elect to contribute to the Keogh Plan.
- **July 1 through December 31**, then the Associate will have until December 31 of the year of the transfer to Associate to elect to contribute to the Keogh Plan.

Less than 6 Months of Service—In some cases, a Per Diem may transfer to an Associate with **fewer than 6 months of service**. In this case, the new Associate should **contact Participant Services at 1-888-256-8830** to determine his or her Keogh Plan election deadline.

ACTION REQUIRED

Enroll

Choose to enroll—just as 9 out of 10** of your peers have done. Make your election online or complete the enclosed SCPMG Keogh Plan Enrollment Form and return it as directed. If you:

- **Elect to enroll**, do so *before* your enrollment period ends.
- **Elect not to participate**, you will not be able to enroll in the Keogh Plan in the future.

Make your election in one of these ways:



Online at workplace.schwab.com/scpmg*



Using the Enrollment Form, returned as directed

Please note: You may change your enrollment elections at any time prior to the end of your enrollment period.

Webcast



View Your *SCPMG Keogh Plan Overview* on your computer or mobile device. You'll find it under the Plan Information section on workplace.schwab.com/scpmg.

For more information



SCPMG Retirement Committee members are available to discuss the value of plan participation. Feel free to contact your local area's committee member. For Keogh Plan details, contact Participant Services at **1-888-256-8830**, Monday through Friday, from 4 a.m. to 8 p.m. Pacific time.

*If you have never logged in to the website, please register to establish your login ID and password.

**As of December 31, 2018.

Associate physician information on the other side >

Access to electronic services may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance, or for other reasons.

Schwab Retirement Plan Services, Inc. provides recordkeeping and related services with respect to retirement plans and has provided this communication to you as part of the recordkeeping services it provides to the Plan.

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SCPMG Keogh Plan enrollment guide



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Table of contents

- Participating & making contributions..... 3**
- Managing your account..... 7**
- Choose your strategy 8**
- Holistic financial planning beyond the Keogh Plan..... 10**

The Southern California Permanente Medical Group Keogh Plan (the “Keogh Plan”) is designed to help you work toward your retirement savings goals and offers several key benefits:

- Traditional Pre-Tax contributions are not counted as current taxable income and reduce the amount of tax withheld from your paycheck. They are tax deferred and you pay taxes at the time of distribution.
- Depending on the contribution level you choose, the annual contribution limits for the Keogh Plan can supplement savings in The 401(k) Plan for SCPMG and TSPMG (the “401(k) Plan”).
- Any earnings on Keogh Plan contributions grows tax-deferred, potentially allowing you to take better advantage of the principle of compounding.
- If you think you may be in a lower tax bracket in retirement, a tax rate lower than your current tax rate may apply to income distributed from the Keogh Plan at retirement. Talk with your tax advisor.

Many of the features of the Keogh Plan, including the contribution formula and the requirement for irrevocable elections, are designed to satisfy certain rules imposed by the Internal Revenue Service (the “IRS”) to qualify for favorable tax treatment.

Participating & making contributions

How to enroll in the Keogh Plan

Electing to participate in the Keogh Plan means you are making an **irrevocable** commitment to contribute the amount at your selected level each year, beginning when you become a Partner. Electing not to participate in the Keogh Plan is an **irrevocable** decision. Once you decide not to participate (or fail to make your election online or return your enrollment form), you will not be permitted to participate in the Keogh Plan, even if you cease employment and are rehired at a later date.

You must make your election online at workplace.schwab.com/scpmg* or sign and return the Keogh Plan Enrollment Form within your time-sensitive enrollment period. You will be able to indicate whether or not you will participate in the Keogh Plan if and when you become a Partner.

It is important to note that the IRS does not permit you to participate in an outside Keogh plan even if you elect not to participate in the SCPMG Keogh Plan.

If you fail to make an enrollment election online or by form, you will be defaulted to “not participating,” and you will not have another opportunity to elect to participate in the future.

Eligibility

You must make an election to participate or not participate in the Keogh Plan before your enrollment period ends. *This is an irrevocable election that cannot be changed.*

You are eligible to begin contributing to the Keogh Plan upon becoming a Partner. If you continue to work as a Partner Emeritus post-retirement, you may continue to make contributions to your Keogh Plan account.

*If you have never logged in to the website, please register to establish your login ID and password.

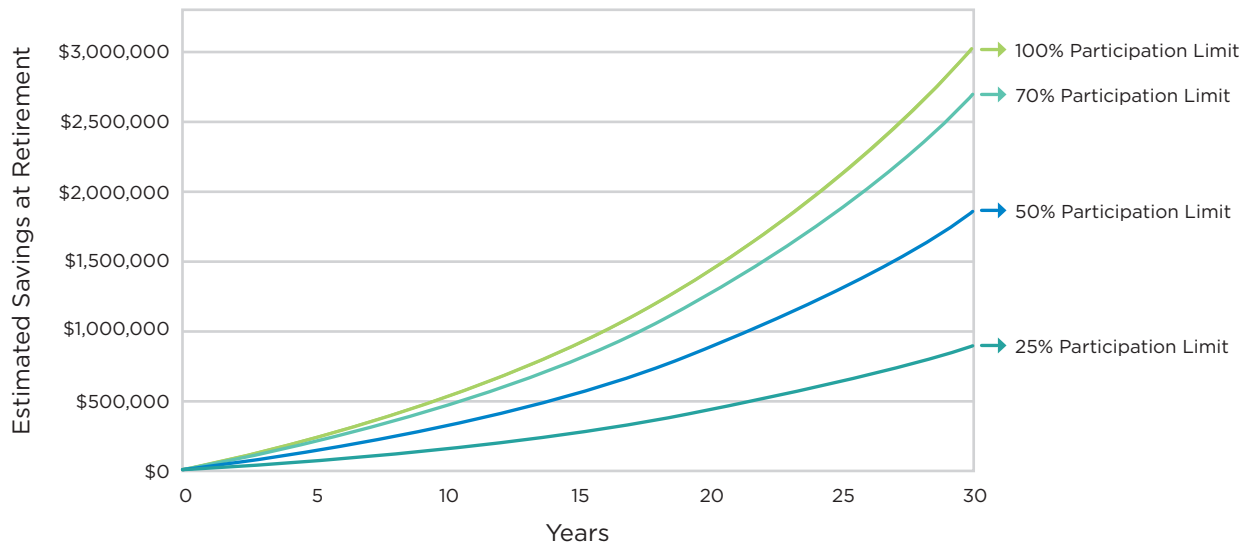
Participating & making contributions

The power of increased savings

As you consider your level of participation within the Keogh Plan, remember there may be potential tax and savings advantages to putting aside more money on a pre-tax basis.

The hypothetical chart to the right illustrates the potential power of compounding and increased savings equivalent of the four different Keogh Plan contribution levels. The maximum annual Keogh Plan contribution amount allowed at the 100% level is typically determined by the maximum annual addition limit, as defined by the IRS, reduced by the IRS maximum annual contribution limits allowed within the 401(k) Plan.

Four hypothetical Keogh Plan savings rates



Source: Schwab Center for Financial Research. Savings example assumes that the total annual savings equal the 2019 Keogh limit for each participation level and was invested into the Schwab Moderate Model portfolio whose anticipated annual rate of return over 30 years is estimated at 5.89%. The Moderate Model Portfolio (allocated 35% large-cap stocks, 10% small-cap stocks, 15% international stocks, 35% fixed income, and 5% cash investments) may not be suitable for all participants. To match the effect of saving an extra \$11,794 for 30 years (increasing from \$10,909 to \$22,703), you would need to earn an extra 3.88% per year on your investment without increasing risk. This chart represents a hypothetical investment and is for illustrative purposes only. The actual annual rate of return will fluctuate with market conditions.

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Your participation decision is irrevocable, even if your financial circumstances change during your SCPMG career. You may make changes to your contribution level throughout your enrollment period, but once your enrollment period ends you will not be able to change your election.

Compounding

One of the greatest benefits of participating in a retirement plan over the span of your career is the potential power of compounding over time. What is compounding? It's interest earning interest. In other words, compounding occurs when earnings accumulate on your original investment and also on any earnings your original investments may have already generated. The longer your money is invested and any earnings are reinvested, the more your investment as a whole may benefit from potential compounding.

Remember that your Keogh Plan election is irrevocable for life, so you want to carefully consider the impact of your decision on your long-term potential savings.

Contributions

The Keogh Plan allows you to make contributions at four different levels: 100%, 70%, 50%, or 25% of the maximum contribution rates calculated by the Keogh Plan's actuary. You must designate one of these levels when you enroll online at workplace.schwab.com/scpmg or on the Keogh Plan Enrollment Form.

The contribution level you select will remain on file during your enrollment period and can only be changed during this period either online or by enrollment form. Once your enrollment period ends, your election is irrevocable and cannot be changed and the election you have on file will be processed.

You are always 100% vested in the total value of your account.

Making contributions

Contributions can be made through payroll deduction or in a lump sum.

If you choose to participate, you must make your election online at workplace.schwab.com/scpmg or complete the Keogh Plan Enrollment Form and return it to Schwab Retirement Plan Services, Inc. before your enrollment period ends. **Remember, the decision you make is irrevocable.**

Should you fail to make your enrollment election by the deadline, your election will be defaulted to "not participating."

Each year, an actuary retained by SCPMG will determine a percentage for each contribution level that establishes the dollar amount you are eligible to contribute. This percentage will be used to calculate your biweekly payroll deduction, based on the contribution level (100%, 70%, 50%, or 25%) you elected at enrollment. These payroll deductions will begin the first pay period in which you are a Partner.

Annual lump-sum contributions are permitted, and may be made through Schwab Retirement Plan Services, Inc. Lump-sum contributions should be made before the second pay period of the new plan year.

Communications are sent in December of each year to eligible Partners that include details and instructions on making a lump-sum contribution.

Note: Lump-sum contributions cannot be accepted for first-year contributions that begin in the middle of the year.

Keogh catch-up

SCPMG will monitor your year-to-date Partner earnings and compare them with your year-to-date Keogh Plan contributions. In the event that your contributions do not reconcile with your earnings, a concurrent "Keogh catch-up" deduction will be started and will continue until your Keogh Plan contributions are brought current with your earnings. This deduction will not exceed \$300 per pay period and will be identified on your paycheck as "Keogh catch-up."

There are times during the year when the Keogh catch-up might become necessary. For instance:

- After the first pay period each year, because regular Keogh Plan deductions are not taken on the first pay date.
- Any time you have eligible Keogh Plan earnings and Keogh Plan deductions are not taken.

Year-end processing

Once your eligible earnings are known, an additional Keogh Plan contribution may be required as determined by SCPMG. Any necessary prior-year deductions will be taken from your final partnership distribution in March.

If you over-contributed to the Keogh Plan for the year, the excess contribution will be refunded to you by April 15 of the following year. SCPMG continually monitors both the Keogh Plan maximum and the federal combined (Keogh Plan and 401(k) Plan) maximum contribution amount.

Rollovers

You may choose to roll over an eligible distribution from a qualified plan of another employer into the Keogh Plan, subject to the conditions imposed on rollovers by the SCPMG Retirement Committee and IRS regulations. **The age and service distribution rules that apply to your own contributions to the Keogh Plan also apply to assets rolled over from another employer's qualified plan.**

Contact Participant Services for details regarding the 401(k) Plan and Keogh Plan roll over options.

Once and if you become a Partner, you may contact Participant Services to conduct a rollover contribution at any time.

[†]Schwab Personal Choice Retirement Account® (PCRA) is offered through Charles Schwab & Co., Inc. (Member SIPC, www.sipc.org), a registered broker-dealer, as part of the Keogh Plan, with Plan recordkeeping services provided by Schwab Retirement Plan Services, Inc.

Distributions

You cannot request a distribution from your Keogh Plan account while you are an active Partner.

If you experience a separation from service with SCPMG, you must meet one of the following eligibility requirements to withdraw all or a portion of your contributions made on or after January 1, 1994:

- Early Retirement Age: Age 55 with 15 years of Qualifying Service, or
- Age plus years of Qualifying Service: Totaling at least 75, or
- Normal Retirement Age: Attainment of age 65.

If you attain age 65 and continue to work post-retirement as a Partner Emeritus, you may receive a one-time in-service distribution, either all or a portion, of your vested account balance.

Distributions are payable in lump-sum, quarterly, or annual installments from core funds only. In-kind distributions are only allowed from self-directed brokerage accounts. Taxes and penalties may apply.

Account statements

You will receive a quarterly account statement from Schwab Retirement Plan Services, Inc. by the 15th business day of the month following quarter end. By default, you will receive notification when your electronic statement is available.

Every March, you will receive a statement from SCPMG informing you of the final contribution amount for the previous year. This statement will be included with your Partner Statement of Earnings (K-1).

In addition, if you have a Schwab Personal Choice Retirement Account® (PCRA),[†] you will receive separate statements.

If you do not make your election online or return the Keogh Plan Enrollment Form before the end of your enrollment period, you will be defaulted to “not participating” and you will not have another opportunity to elect to participate in the future.



Managing your account

Account access & assistance



Website: workplace.schwab.com/scpmg

You may access your Keogh Plan account at any time by going online to **workplace.schwab.com/scpmg**. You will be able to toggle between your Keogh Plan and your 401(k) Plan accounts (if applicable).

You will use one user ID and password to access your SCPMG Plan account(s).

If you do not have an account in The 401(k) Plan for SCPMG and TSPMG, the first time you access your Keogh Plan account, your user ID will be your Social Security number and your password will be your birth date in MMDD format (e.g., 1130 for November 30). After your initial login, you will be asked to change your user ID and password for security purposes.



Mobile App: workplace.schwab.com/mobile

Manage your Keogh Plan account on the go with the Schwab Workplace Retirement App.[†] The mobile app lets you:

- Check your account—see how much you're saving and how your balance may be changing.
- Monitor your personal performance.
- View contribution elections.
- Set up investment instructions for future contributions.
- Read the latest market news.

The mobile app also provides a direct link between your 401(k) Plan account and any Charles Schwab & Co., Inc. retail accounts, such as a Schwab Personal Choice Retirement Account® (PCRA). To download the mobile app, go to **workplace.schwab.com/mobile**.



Participant Services

If you have questions or need assistance, Participant Services can help. To connect with a Participant Services Representative:

- Call **1-888-256-8830**, Monday through Friday, from 4 a.m. to 8 p.m. Pacific time, or
- Use the online chat feature at **workplace.schwab.com/scpmg**, Monday through Friday, from 6:30 a.m. to 4:30 p.m. Pacific time.

[†]Requires a wireless signal or mobile connection. System availability and response times are subject to market conditions and your mobile connection limitations. Functionality may vary by operating system and/or device.

Access to electronic services may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance, or for other reasons.

Choose your strategy

Some physicians like help making their investment choices. Others prefer a more hands-on approach, actively selecting and managing their own investments. Let's begin with in-plan investment help and guidance available to you.

Plan investing—with help and guidance

You may not have the time or expertise to actively select and manage your own investments. With this approach, you will receive help and guidance in selecting your investments.

Vanguard® Target Retirement Trusts¹

The Keogh Plan offers Vanguard Target Retirement Trusts, which are diversified portfolios in a single investment. Each trust is professionally managed and invests in several broadly diversified Vanguard funds. As the target date retirement year in the trust's name nears, its investment mix becomes more conservative.

Through this investment approach, a single target retirement trust may serve your investing needs throughout both your career and retirement. Keep in mind that, as with all investments, there's no guarantee that target date funds will achieve the returns or provide the income necessary to last through retirement. Please be aware that your investment needs may change with time and you may wish to evaluate your investment decisions periodically.

You are not permitted to make an investment election for your Keogh Plan account today. You will receive a reminder to make your investment election and beneficiary designation prior to attaining partnership.

Financial Engines²

Financial Engines is an independent, registered investment advisor engaged by SCPMG to offer advice services to physicians, including:

Self Service—a no additional cost service designed for physicians who are confident in managing their own retirement account. You will have access to personalized decision tools such as retirement forecasting, investment recommendations, advice and guidance on how to allocate your retirement income when you retire.

Management—a fee-based service for physicians who want their Keogh and 401(k) Plan accounts managed for them. Financial Engines creates a personalized retirement plan, which can include your other financial investments, and puts the new investment strategy into action.

Personal Advisor—a fee-based service for physicians who want to create a comprehensive financial plan. Financial Engines allows you to partner with a dedicated advisor to design and maintain a comprehensive financial plan.

Financial Engines is a fiduciary and puts your best interests first. For your 401(k) plan, Financial Engines only recommends funds that are available in the Keogh and 401(k) Plans' fund portfolios.

Be sure to review your advice recommendation annually and as you go through life events to help keep your asset allocation aligned with your retirement savings goals.

For more information about these Financial Engines services, call Financial Engines at **1-800-601-5957** any business day between 6 a.m. and 6 p.m. Pacific time.

Manage Keogh Plan investing—on your own

You may prefer a more hands-on approach, actively selecting and managing your own investments. When you choose this approach, you will be responsible for creating your own savings and investment strategy, regularly monitoring your investments, and rebalancing and routinely adjusting your portfolio.

Core funds

The core funds available through the Keogh Plan are funds that have been preselected by the SCPMG Retirement Committee to provide you with the flexibility to create a diversified portfolio reflecting your retirement savings style. The list of funds has been crafted to accommodate a variety of financial goals and time horizons. The core funds represent a variety of investment choices, allowing you to build and manage your own retirement portfolio.

You may choose to have your account rebalanced automatically on a one-time, semi-annual, or annual basis. If you have a balance in a PCRA, those monies will be excluded from the rebalance. The automatic rebalance feature is not available if you elect to use Financial Engines.

Schwab Personal Choice Retirement Account® (PCRA)

If you prefer to manage your own investment direction using a wider array of investment choices than those available in the Keogh Plan's core investments, a Schwab PCRA may be the strategy for you. A PCRA is a self-directed brokerage account designed for sophisticated investors who have a good understanding of the stock market and general knowledge of investment principles and are diligent about managing and monitoring their investments on a regular basis.

In certain instances, independent fee-based advisors may be permitted to manage your PCRA for you. Ask your advisor if they operate on the Charles Schwab & Co., Inc. PCRA trading platform.

If you do not make an investment election by the time you become a Partner and your contributions begin, your contributions will be automatically invested in an age-appropriate Vanguard® Target Retirement Trust according to the year in which you turn age 65, plus or minus two years as determined by the Keogh Plan. You will have the opportunity to change your investment election anytime after your contributions begin.



Holistic financial planning beyond the Keogh Plan

You may have a need for holistic financial planning support beyond the Keogh Plan. In this case, consider engaging in more holistic financial planning available to SCPMG physicians using Schwab personal financial planning services.

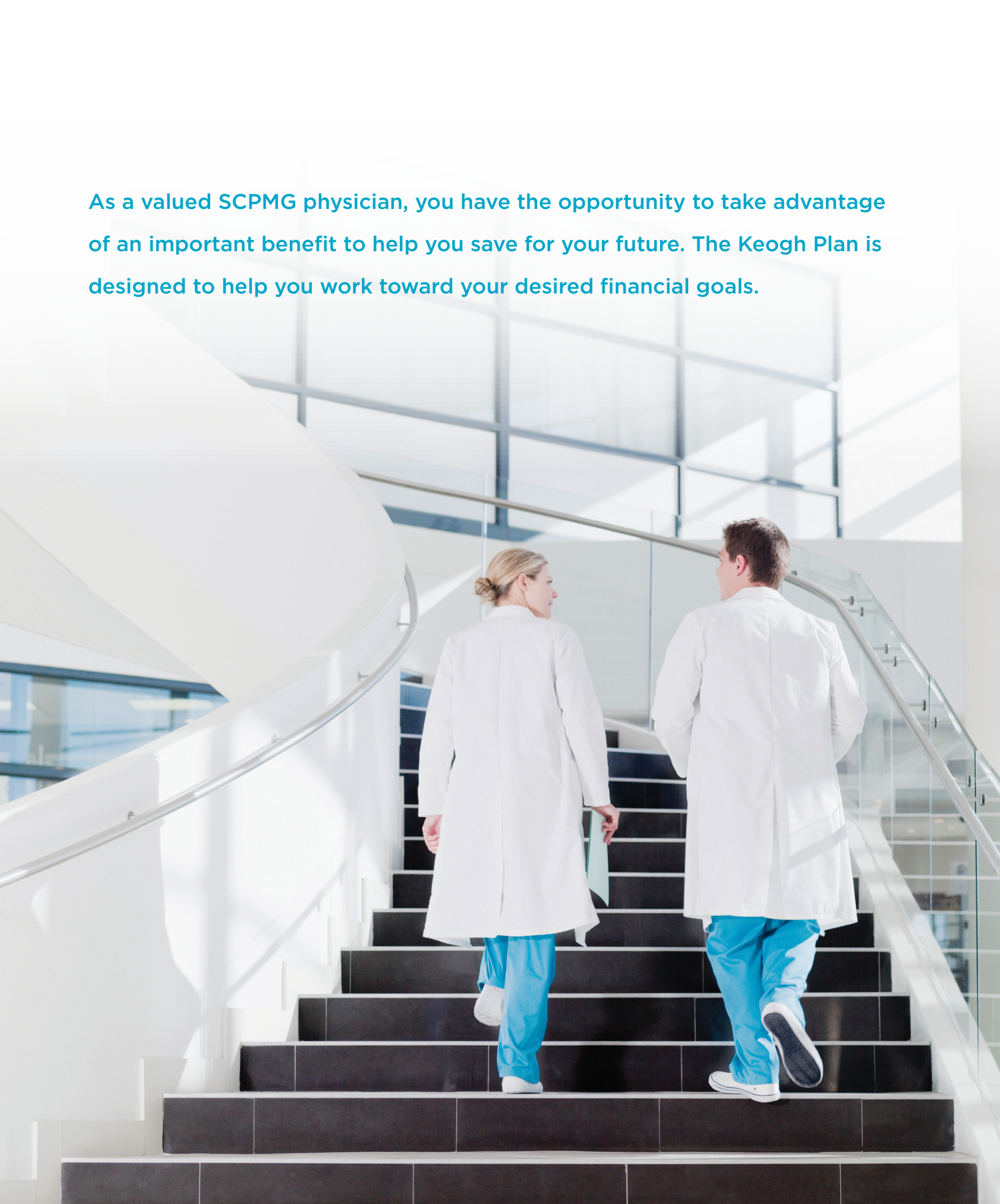
Schwab personal financial planning

SCPMG's relationship with Charles Schwab & Co., Inc. ("Schwab") provides you access to an experienced Schwab Financial Consultant. The Financial Consultant will work with you personally to understand your needs and develop strategies to help you work toward your financial goals. Financial decisions can be complex and everybody's situation is unique. Schwab Financial Consultants provide expertise and insight into your comprehensive SCPMG benefits and will coordinate financial services based on your personal needs.

Information provided by Executive Services, a separate service offered by Charles Schwab & Co., Inc. (CS&Co., "Schwab") (Member SIPC, www.sipc.org) is not intended to be a substitute for specific individual tax or legal advice. CS&Co. does not provide tax or legal advice but does provide holistic financial planning services to individuals that takes into consideration, but does not provide advice on, assets held in a qualified plan. Where specific tax or legal advice is necessary or appropriate, please consult an attorney or qualified tax advisor.

While Schwab Executive Services is complimentary, the implementation of any recommendations made in the course of this service may result in trade commissions or other fees, charges, or expenses. Therefore, any such fees incurred when availing of any non-plan related products or services provided by the Schwab branches will be paid by the individual investor and not by the retirement plan or Plan Sponsor. Please be aware that brokerage products and services provided by CS&Co. through Schwab branches are separate and distinct from the services offered through the retirement plan serviced by Schwab Retirement Plan Services, Inc. (SRPS). SRPS and CS&Co. are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation.

As a valued SCPMG physician, you have the opportunity to take advantage of an important benefit to help you save for your future. The Keogh Plan is designed to help you work toward your desired financial goals.



¹ The Vanguard Target Retirement Trust Plus investment options are collective trust funds and are not registered investment company products.

² Financial Engines® is a registered trademark of Edelman Financial Engines, LLC. Advisory services, including Personal Advisor, Management (also referred to as “Professional Management”), and Self Service, provided only by Financial Engines Advisors L.L.C., a federally registered investment advisor and wholly owned subsidiary of Edelman Financial Engines, LLC. Results are not guaranteed. The information in this footnote has been provided by Financial Engines. Financial Engines Advisors L.L.C. is not affiliated with or an agent of Charles Schwab & Co., Inc. (CS&Co.), a federally registered investment advisor; Schwab Retirement Plan Services, Inc. (SRPS); or any of their affiliates. Neither CS&Co., SRPS, nor their affiliates supervise, make recommendations with respect to, or take responsibility for monitoring the advice provided to participants by Financial Engines Advisors L.L.C.

This enrollment guide contains only a brief overview of the SCPMG Keogh Plan. For more detailed information, please see the Summary Plan Description (SPD) for the SCPMG Keogh Plan in your Benefits Handbook for Physicians. If there is any discrepancy between the information in this enrollment guide and the Plan Document, the terms of the Plan Document govern. This information should not be considered investment advice. The terms and conditions of the SCPMG Keogh Plan are subject to Internal Revenue Service regulations.

This information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. Where specific advice is necessary or appropriate, you should consult with a qualified tax advisor, CPA, financial planner, or investment manager.

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