

ANNUAL FUNDING NOTICE
For
Retirement Plan of Crouse Hospital

Introduction

This notice includes important information about the funding status of your single-employer pension plan (the ‘Plan’). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (‘PBG’), a federal insurance agency. All traditional pension plans (called ‘defined benefit pension plans’) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning January 1, 2019 and ending December 31, 2019 (‘Plan Year’).

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the ‘funding target attainment percentage.’ The Plan divides its Net Plan Assets by Plan Liabilities to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan’s Funding Target Attainment Percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also shows you how the percentage was calculated.

Funding Target Attainment Percentage			
	2019	2018	2017
1. Valuation Date	January 1, 2019	January 1, 2018	January 1, 2017
2. Plan Assets			
a. Total Plan Assets	201,198,512	201,520,429	201,458,082
b. Funding Standard Carryover Balance	0	0	0
c. Prefunding Balance	0	0	0
d. Net Plan Assets (a) – (b) – (c) = (d)	201,198,512	201,520,429	201,458,082
3. Plan Liabilities	273,673,831	261,719,127	255,915,911
4. Funding Target Attainment Percentage (2d)/(3)	73.51%	76.99%	78.72%

Plan Liabilities

Plan Liabilities shown in line 3 of the chart above is an estimate of the amount of assets the Plan needs on the Valuation Date to pay for promised benefits under the Plan.

Year-End Assets and Liabilities

The asset values in the chart above are measured as of the first day of the Plan Year. They also are "actuarial values". Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan's funded status at a given point in time. As of December 31, 2019, the fair market value of the Plan's assets was \$213,969,649. On this same date, the Plan's liabilities, determined using market rates, were \$355,628,555.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the Valuation Date was 4,209. Of this number, 1,647 were current employees, 1,321 were retired and receiving benefits, and 1,241 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay for promised benefits. The funding policy of the Plan is to contribute the greater of the minimum required contribution for the year or 3% of plan compensation for all active Bargaining Unit participants. The Hospital will review the Plan's funded percentage each year and may contribute amounts in excess of the above to minimize variability in Plan contributions or to achieve specific funding targets set by the IRS.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The Hospital has adopted the following investment policy and long-term asset allocation targets:

Asset Class	Target %
Domestic Equities	20%
International Supplies	15%
Hedge Funds	10%
Credit Opportunities	5%
Real Estate	5%
Fixed Income	20%
GAA	20%
Emerging Market Debt	5%
Cash	0%
	<hr/>
	100%

The portfolio will generally be fully invested. No single investment in any fund will be greater than 5% of the total assets of the fund, with the exception of US Government and US Government Agency securities. In addition, funds will not own more than 5% of the outstanding voting securities of any company or 5% of the outstanding debt of any company. Over the long-term, the target allocation will be maintained and will be rebalanced as necessary, both subject to change upon approval from the Pension Committee.

The Plan assets are invested with an outside trustee for the sole benefit of the Plan participants. Investments are directed by the Hospital or by investment managers appointed by the Hospital. They are managed to maximize total return while maintaining a prudent level of risk.

Risk mitigation is achieved by diversifying investments across multiple asset classes, by investment in high quality securities and by permitting flexibility in the balance of investments in the permitted asset classes. Market risk inheres in any portfolio but the investment policies and strategies are designed to avoid concentration of risk in one entity, industry, country, or commodity.

Under the investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Cash (interest bearing and non-interest bearing)	3.81%
2. Partnership/joint venture interests	4.26%
3. Value of interest in common/collective trusts	27.63%
4. Value of interest in registered investment companies (e.g., mutual funds)	64.30%

For information about the plan's investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact Myra Seikaly at (315) 470-7524, or 736 Irving Ave, Syracuse, NY 13210, or myraseikaly@crouse.org.

Events with Material Effect on Assets or Liabilities

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the funding condition of a plan. For the plan year beginning on January 1, 2020, the Plan expects the following events to have such an effect:

The Coronavirus Pandemic is affecting the ability of companies to do business in the United States and around the world. This has caused significant movements in financial markets and has affected the level of interest rates in the U.S. Specifically, during 2020, interest rate levels have dropped significantly and equity markets in the U.S. and abroad have seen significant swings but generally have trended downward in the first quarter in a significant way. As the Plan's liabilities are often measured based on the level of corporate or government interest rates, downward movements in interest rates may lead to higher liabilities. In addition, the Plan's assets are invested in a diversified portfolio that contains exposure to equities and fixed income. Thus, movements in financial markets will affect the market value of the Trust's assets and affect the Plan's funded status, which is measured annually. Should interest rates rise and markets rebound, the Plan's funded status could improve.

In addition to the above, the 2020 CARES Act was signed into law on March 27, 2020. This legislation delays the final due date for any required funding to the Plan due during 2020 until January 1, 2021. If a plan sponsor delays payment of any required contribution beyond its original due date, such required contribution shall be increased with interest from the original due date to the date the contribution is actually made.

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the 'Form 5500.' These reports contain financial and other information. You may obtain an electronic copy of your Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports are also available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. You may also obtain a copy of the Plan's annual report by making a written request to the plan administrator. Annual reports do not contain personal information, such as the amount of your accrued benefits. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under 'Where to Get More Information.'

Summary of Rules Governing Termination of Single-Employer Plans

If a plan terminates, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end a plan in a "standard termination" but only after showing the PBGC that such plan has enough money to pay all benefits owed to participants. Under a standard termination, a plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly for life or for a set period of time when you retire) or, if the plan allows, issue one lump-sum payment that covers your entire benefit. Your plan administrator must give you advance notice that identifies the insurance company (or companies) selected to provide the annuity. The PBGC's guarantee ends upon the purchase of an annuity or payment of the lump-sum. If the plan purchases an annuity for you from an insurance company and that company becomes unable to pay, the applicable state guaranty association guarantees the annuity to the extent authorized by that state's law.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor's bankruptcy, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2020, the maximum guarantee is \$5,812.50 per month, or \$69,750.00 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from the PBGC before age 65 reflecting the fact that the younger retirees are expected to receive more monthly pension checks over their lifetimes. Similarly, the maximum guarantee is higher for an individual who starts receiving benefits from the PBGC after age 65. The maximum guarantee by age can be found on PBGC's website, www.pbgc.gov. The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees "basic benefits" earned before a plan is terminated, which include:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants;
- disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding \$5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

For additional general information about the PBGC and the pension insurance program guarantees, go to the "General FAQs about PBGC" on PBGC's website at www.pbgc.gov/generalfaqs. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information About Your Plan," below.

Corporate and Actuarial Information on File with PBGC

A plan sponsor must provide the PBGC with financial information about itself and actuarial information about the plan under certain circumstances, such as when the funding target attainment percentage of the plan (or any other pension plan sponsored by a member of the sponsor's controlled group) falls below 80 percent (other triggers may also apply). The sponsor of the Plan, Crouse Hospital, and members of its controlled group, if any, were subject to this requirement to provide corporate financial information and plan actuarial information to the PBGC. The PBGC uses this information for oversight and monitoring purposes.

Where to Get More Information

For more information about this notice, you may contact Myra Seikaly at (315) 470-7524, or 736 Irving Ave, Syracuse, NY 13210, or myraseikaly@crouse.org. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" are Crouse Hospital and 16-0960470.

**Supplement to Annual Funding Notice
of Retirement Plan of Crouse Hospital For
Plan Year beginning January 1, 2019 and ending December 31, 2019**

This is a temporary supplement to your annual funding notice which is required by the Moving Ahead for Progress in the 21st Century Act and the Highway and Transportation Funding Act of 2014. These federal laws changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to 2012, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, your employer may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The 'Information Table' compares the impact of using interest rates based on the 25-year average (the 'adjusted interest rates') and interest rates based on a two-year average on the Plan's: (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The funding target attainment percentage is a measure of how well the plan is funded on a particular date. The funding shortfall is the amount by which liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a plan in a given year. The following table shows this information determined with and without the adjusted interest rates. The information is provided for the Plan Year and for each of the two preceding plan years, if applicable.

INFORMATION TABLE						
	2019		2018		2017	
	With Adjusted Interest Rates	Without Adjusted Interest Rates	With Adjusted Interest Rates	Without Adjusted Interest Rates	With Adjusted Interest Rates	Without Adjusted Interest Rates
Funding Target Attainment Percentage	73.51%	61.52%	76.99%	63.30%	78.72%	63.57%
Funding Shortfall	\$72,475,319	\$125,812,187	\$60,198,698	\$116,848,357	\$54,457,829	\$115,467,822
Minimum Required Contribution	\$16,278,195	\$24,193,677	\$9,644,575	\$17,868,600	\$8,336,202	\$17,088,908