



Saint Clare's Health System Pre-Tax Savings Plan

Having the money you want in your later years requires careful planning now.

To help you pursue your financial objectives, Saint Clare's Health System (SCHS) sponsors a 403(b) Defined Contribution Plan known as the Pre-Tax Savings Plan (Plan), funded by a group variable annuity contract issued by ING Life Insurance and Annuity Company (ILIAC). Your employer designed this Plan to supplement the retirement income you will receive from other sources and offers several important benefits:

- If you participate in the Plan, your current taxes may be lower, since you're directing a portion of your paycheck into the Plan before taxes, reducing your current taxable income. Taxes are due upon withdrawal – a time when you may be in a lower tax bracket.
- The earnings on your pre-tax contributions are also tax-deferred until withdrawn from the Plan.
- If you're already investing a portion of each paycheck in a traditional, after-tax savings program, you may potentially increase net income by putting this money into a tax-deferred plan.
- You decide, within certain Internal Revenue Service (IRS) limits, how much of your income you wish to defer. Maximum annual deferral is 100% of adjusted gross earnings, not to exceed the maximum of \$16,500 in the year 2009.

- Participants who are at least age 50 can contribute additional pre-tax amounts to the SCHS Plan as follows:

Year	Annual Maximum
2009	\$5,500

- There's more good news! Since the Saint Clare's Health System Pre-Tax Savings Plan is a 403(b) program, there is an additional catch-up program of which you can take advantage, provided you have at least 15 years of service with SCHS.
- As your retirement planning needs change, you can change the amount of compensation you defer, such as increasing your amount or reducing, stopping, or restarting deferrals, according to your Plan's provisions.
- You can customize your portfolio by selecting your investment options.

You should consider the investment objectives, risks, charges, and expenses of the variable product and its underlying fund options carefully before investing. The prospectuses and prospectus summaries contain this and other information, which can be obtained by contacting your local representative. Please read all information carefully before investing.

Please note: Variable annuities offered through a retirement plan are long-term investments designed for retirement purposes. Account values fluctuate with market conditions, and when surrendered, the principal may be worth more or less

than the original amount invested. Early withdrawals taken prior to age 59½ may be subject to the IRS 10% premature distribution penalty tax. Money taken from the plan will be taxed as ordinary income in the year the money is distributed.

An annuity does not provide any additional tax deferral benefits, as tax deferral is provided by the plan. Annuities are subject to additional fees and expenses, to which other tax-qualified funding vehicles may not be subject. However, an annuity does offer other features and benefits, such as lifetime income payments and death benefits, which may be valuable to you.

Eligibility for Voluntary Contributions

You are immediately eligible upon hire to make voluntary contributions into the Plan.

It's Simple to Get Started!

To participate in the Saint Clare's Health System Pre-Tax Savings Plan, complete a participation agreement with your employer and an ING enrollment form.

The SCHS Pre-Tax Savings Plan offers an array of variable investment options and a fixed interest account – each designed to pursue a different investment objective. You can diversify or spread contributions over different investment options to help reduce investment risk, change the mix of your current contributions, and transfer past contributions among the various options.



Saint Clare's Health System



Portability

The SCHS Pre-Tax Retirement Savings Plan is "portable," meaning that there is flexibility in rolling over benefits from a past or future employer. The SCHS Plan will accept contributions from a prior employer's retirement plan, provided that the plan was either a 401 qualified plan, 403(b) tax-deferred annuity program, another governmental 457 plan, or a traditional IRA.

Conversely, if you go to work for another employer, provided their plan permits, you'll be able to roll over your SCHS Plan to a 401 qualified plan, 403(b) tax-deferred annuity program, a governmental 457 plan, or a traditional IRA.

If you choose to take your benefits, the distribution will be taxable in the year you receive the money. However, if your benefits are paid out in a series of periodic payments, you will only pay income taxes on the amount received each year.

The SCHS Pre-Tax Savings Plan will also accept transfers from prior SCHS plan providers. Transferring your existing 403(b) account to ING is not a taxable event. Please contact your ING representative for a complete review of your existing account and comparison to ING.

Payment Choices at Retirement

When you are ready to retire, contact the ING Customer Service Center at **(800) 262-3862**. You have a number of choices, subject to the terms of your plan document. We suggest you discuss with your tax or legal adviser, which payment option(s) is best for you.

Annuity Options that Provide a Guaranteed Payment

(Guarantees are based on the claims paying ability of ILIAC)

- Life Income
- Joint and Survivor Life Income with $\frac{1}{2}$, $\frac{2}{3}$, or Full Payment to Your Survivor
- Joint and $\frac{1}{2}$ Contingent Life Income
- Payments for a Stated Period of Time

Non-Annuity Options with Non-Guaranteed Payment

- Lump Sum
- Estate Conservation Option
- Systematic Withdrawal Option

Hardship Withdrawals

Generally, withdrawals from a 403(b) plan are not allowed without a "triggering event" such as retirement, separation from service, or death. However, you may be able to take an in-service distribution due to hardship, with the approval of you employer. Contact ING's Customer Service Center at **(800) 262-3862** for more information.

Death Benefits

Upon your death, your Plan beneficiary will receive benefits according to options/timeframes outlined in your Plan. If you die before benefits commence, and your beneficiary is also your spouse, he/she is not required to begin receiving distributions any earlier than when you would have reached age 70 $\frac{1}{2}$.

If you die after benefits have commenced, the balance of your account must be distributed at least as rapidly as under the method in effect at your death.

ING Access

At ING, we want to make it as easy as possible for you to access your account. Our online and toll-free telephone service – ING Access, available 24 hours a day, seven days a week – gives you the flexibility and convenience to make:

- Account inquiries
- Investment transfers
- Investment option changes and more!

For Internet access, log on to **www.ingretirementplans.com**.

For toll-free access, call **(800) 262-3862** for automated service.

ING also provides you with:

- Quarterly account statements that summarize your investment account activity and reflect your account balance. Your report will specify any changes in value and/or transfers you've made among the investment options. Although these statements are mailed quarterly, for transactions, such as investment changes, a confirmation statement is usually sent to you immediately.
- *Perspective*, our participant newsletter, giving you the most up-to-date financial information available.

Let ING help you pursue your future financial objectives. For more information about the Saint Clare's Health System Pre-Tax Savings Plan, please contact your local ING representative at **(800) 642-0106**.

The Internal Revenue Code generally prohibits withdrawals of 403(b) salary reduction contributions and earnings on such contributions prior to death, disability, age 59 $\frac{1}{2}$, severance of employment, or financial hardship. The amount available for hardship is limited to the lesser of the amount necessary to relieve the hardship, or the account value as of 12/31/1988, plus the amount of any salary reduction contributions made after 12/31/1988 (exclusive of any earnings). Amounts held as of 12/31/1988 are "grandfathered" and are not subject to these withdrawal restrictions.

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