Dear Montefiore Associate:

An important goal of Montefiore’s Associate Benefit program is to provide you the opportunity to meet your retirement savings goals. One of the ways you can do this is to make pre-tax contributions to the Montefiore Medical Center Voluntary Tax Deferred Annuity Plan (the Plan). The earlier you begin to save and the more you save may help you look forward to a financially secure retirement.

How much is enough?
Many studies suggest you will need 80-100% of your current income during retirement – possibly more, depending on your goals. Social Security benefits aren’t likely to provide you with sufficient income when you stop working.

Here’s something else to keep in mind as you consider your goals and what your expenses may be in retirement. In a recent survey, the median response among financial professionals indicated that individuals need to save approximately 15% of their pay, including employer contributions, to have enough income during retirement, assuming they begin saving for retirement early in their career.*

It is for this very reason that an automatic enrollment feature was implemented in 2007 for newly hired non-collectively bargained associates and why, effective January 1, 2012, two more enhancements are being made to the Plan – an increase in the automatic enrollment default contribution percentage and the introduction of an automatic contribution increase feature. Both the automatic enrollment and automatic contribution increase features allow an associate to opt out.

The following is a brief overview of these enhancements. No action is required on your part today but please watch for additional information later this year for more details and instructions on these changes, including how to opt out. Remember, contributions to the Plan reduce your taxable income. And, earnings are tax deferred until you take a distribution.

Automatic Enrollment Default Contribution Increase
Non-collectively bargained associates hired or rehired on or after January 1, 2012, will be automatically enrolled at 3%, instead of the 2% default contribution that applies today.

Automatic Contribution Increase
For all non-collectively bargained associates that, as of December 31, 2011, are contributing 1% to 7% to the Plan, their contribution percentage will be automatically increased by one percentage point (1%) on January 1, 2012.

On each following January 1, contribution percentages will be increased by an additional one percentage point (1%) until the associate’s contribution percentage reaches 8% or the legally allowed maximum contribution, whichever is less.
The automatic increase will not apply to the following:

- Non-collectively bargained associates hired on or after April 1, 2011, will not have their initial 1% annual increase take place until January 1, 2013.
- Associates currently not participating in the plan or already deferring 8% or more to the Plan.
- Participants that are already using the voluntary Step Ahead program through the Principal Financial Group® to increase their deferral percentage on an annual basis.
- Associates who opt out of the automatic increase later this year.

Again, no action is required today. More information will be distributed later this year, which will include detailed instructions on how to opt out of the annual automatic increase, if desired.

**Take Action Now!**

If you feel you aren’t saving enough for retirement and want to start deferring or increase your tax-deferred contribution today, please go to [principal.com](http://principal.com) and under the “Account Login” section select “Personal” to access your account. You may also contact The Principal® at 1-800-547-7754 to speak to a representative for help.

**Questions?**

There are multiple resources available if you have questions about this information or anything related to the Montefiore Medical Center Voluntary Tax Deferred Annuity Plan and the Montefiore Medical Center Tax Deferred Annuity Plan.

- Representatives of The Principal are available at Montefiore to answer your questions and meet with you for a confidential one-on-one meeting. To schedule a meeting, go to principal.com to access the Montefiore Medical Center PVA/TDA Retirement Plan and click on the one-on-one meeting sign-up link. You may also contact Luz Felix at [felix.luz@principal.com](mailto:felix.luz@principal.com) or at 914-378-6556 or Jason Lipka at [lipka.jason@principal.com](mailto:lipka.jason@principal.com) or at 718-219-0537 to schedule a one-on-one meeting.
- Log in to your account at principal.com for account details, to make changes or to find educational articles and seminars.
- Attend one of the retirement seminars on various topics held throughout the year at multiple Montefiore locations. Look for the seminar schedules mailed to your home, as well as posters located at Montefiore.
- Call The Principal client contact center at 1-800-547-7754 to speak to a representative Monday through Friday from 8am – 10pm ET.

*America Rebuilds Research with Financial Advisors, April 2010, conducted by Harris Interactive on behalf of the Principal Financial Group®. When looking at all responses in the survey, the median is the middle of the responses given.

William Shanahan
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