

Lann v Trinity Health ERISA
c/o Rust Consulting Inc - 5309
PO Box 2580
Faribault, MN 55021-9580

IMPORTANT LEGAL MATERIALS



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Lann v. Trinity Health Corporation, 8:14-cv-02237-PJM
Letter to Group C Class Members

Dear Class Member:

You are receiving this letter, along with the Notice of Proposed Settlement of ERISA Class Action Litigation, Settlement Fairness Hearing, and Motion for Attorneys' Fees and Reimbursement (hereinafter, "Notice"), because the records from your former employer indicate that **you would be or would qualify as a Class Member in Group C** of the proposed Settlement Class. As a member of Group C you are not entitled to the benefits of Group A or Group B.

Group C consists of 7,371 individuals who accrued more than three but less than five years of "vesting service" credit under the Plans. Several of the plans covered by the Settlement have a cash balance or pension equity benefit formula which required that a participant have five years of "vesting service" in order to be 100% vested in their benefits. Under ERISA, cash balance and pension equity benefits must be 100% vested after three years of vesting service (one year of vesting service is 1,000 hours within a given calendar year). People in Group C left employment from a participating employer in the CHE- and Trinity-sponsored plans with more than 3 years of vesting service, but fewer than 5 years of vesting service and thus were not fully vested in their cash balance or pension equity benefit according to the terms of those plans.

As consideration for the release of the improper vesting schedule claim, Defendants will pay \$1,300,000 (\$1.3 million) in total to the members of Group C. The Plaintiffs and Defendants compromised on \$1.3 million to release the claim due to the difficulty in valuing and litigating the improper vesting schedule claim, as well as the time- and labor-intensive process of determining the accrued benefit of each of the 7,371 members of Group C, for the following reasons: records for the former employees in Group C date back as far as the 1970s and involve multiple plans with differing benefit formulae from more than 70 separate employers. Additionally, when Plaintiffs' Counsel examined the list of these 7,371 class members, counsel saw that many individuals had multiple hire dates, termination dates, and re-employment dates. Moreover, while most ERISA plans contain a five-year break in service provision (so that if a participant has credited employment service, but then has a five-year break in service before becoming re-employed, the prior service credit is forfeited) the Plans here do not. Participants frequently were re-employed and never forfeited past service, even if that past service occurred more than five years ago. Given these significant challenges, it would have been prohibitively expensive and time consuming to calculate the accrued benefits for each of the individuals in Group C at the time the settlement was reached, rendering it effectively impossible to come up with a median lost benefit amount for the Group C class members.

In light of these challenges and after hard-fought negotiation, the Parties agreed to \$1.3 million as consideration for the release of this claim. Plaintiffs and Class Counsel believe the fairest way to distribute the \$1.3 million among the members in Group C is to do so equally, given the lack of information about the value of each individual's claim. **Each member of Group C will receive a single payment of approximately \$176.36.** This payment will be made after the Court issues its Final Approval Order in the case. For more details about Group C, see Section 3 of the Notice, as well as Sections 2.12 and 8.1.4 of the Settlement Agreement, available at <http://www.cohenmilstein.com/update/trinity-che-settlement>.

The Settlement Agreement contains certain carve outs that allow all class members to pursue their prospective claims for relief if any of four developments occur:

- the U.S. Supreme Court holds that the church plan exemption is unconstitutional, or holds that the church plan exemption is constitutional but that a church plan must be established by a church, convention or association of churches;
- the Internal Revenue Service (IRS) issues a written ruling that the Trinity Health Plans do not qualify as church plans under the Internal Revenue Code;
- the Roman Catholic Church disassociates itself from Trinity Health Corporation; or
- the U.S. Congress amends ERISA to specify that a church plan must be established by a church or a convention or association of churches.

See Sections 4.1.3 and 4.1.4 of the Settlement Agreement, see also Section 4 of the Notice. However, even if one of the carve outs above are triggered, you will still each receive the \$176.36 payment as consideration to release your improper vesting schedule claim. That payment cannot be clawed back.

Questions Regarding Group C Should Be Directed to the Claims Administrator

If you believe that you are not a member of Group C, you can call the claims administrator, Rust Consulting at (866) 216-0278. Rust Consulting can answer any questions you have regarding which Group you belong to. If you have any questions regarding the Settlement Agreement, please contact Class Counsel at trinitysettlement@cohenmilstein.com or 1-888-347-4600 (ask for Mary Bortscheller). Do not contact the court regarding the Settlement, as court personnel cannot answer your questions.