

AlerisLife 401(k) Plan Termination FAQ

What does the AlerisLife 401(k) Plan termination mean to me?

The AlerisLife 401(k) Plan termination is anticipated to occur on December 31, 2025. Once terminated, there will be no further deferrals, matching contributions or loan repayments other than any final deposit with respect to the pay period ending that includes or ends with the termination date. Note, however, that your active participation in the AlerisLife 401(k) Plan will end as of your termination with AlerisLife, if earlier.

As a result of the AlerisLife 401(k) Plan's termination, all amounts not previously vested will become vested and you will need to receive a distribution of your entire balance. Until you receive a complete distribution, you will continue to have control over how your balance is invested.

What are my distribution options?

You may elect from among the following distribution options.

1. Direct rollover to a new employer sponsored retirement plan.

A direct rollover allows you to keep your balance in a tax-favored vehicle. To implement a direct rollover, you will need to complete an AlerisLife 401(k) Plan distribution form and likely a rollover form for your new employer's retirement plan. You should confirm with your new employer's retirement plan that a rollover will be accepted. This is especially important if you have an outstanding loan in the AlerisLife 401(k) Plan that you wish to rollover.

2. Direct rollover to an Individual Retirement Account (IRA) with your choice of provider.

To implement a direct rollover to an IRA, you will need to complete an AlerisLife 401(k) Plan distribution form on which you specify the IRA provider to whom we will send your balance.

3. Take a lump sum distribution.

Your entire balance can be paid to you directly. Such a distribution is generally taxable (special rules apply to any Roth portion of your balance) and subject to mandatory 20% federal income tax withholding, state income tax withholding, as applicable, and possibly an early distribution 10% federal excise tax. You can avoid current tax on the entirety of the distribution (including any amount withheld) only if you complete a rollover within 60 days.

Along with a distribution form, you will receive a postcard, which has additional information. You may also wish to consult with a tax and/or financial advisor before making any decision.

Small balance cash-outs: If your balance is equal to or less than \$1,000 and you do not return an AlerisLife 401(k) Plan distribution form, your balance will be automatically distributed to you in a lump sum (subject to applicable withholding). If your balance is more than \$1,000 but not more than \$7,000 and you do not return an AlerisLife 401(k) Plan distribution form, your balance will be automatically rolled over to an IRA with Empower. The SPD contains additional information about the automatic rollover process.

Will I be taxed on my distribution?

As noted above, if you directly roll over your funds to another employer sponsored retirement plan or an IRA, you will not be taxed. However, if you decide to cash out your balance, the distribution will be subject to income tax and withholding, as applicable, other than any Roth contributions and earnings on Roth contributions if you receive a "qualified distribution." The taxable portion of your

distribution may also be subject to the early distribution 10% federal excise tax unless an exception applies.

What are the benefits of rolling over to my new employer's retirement plan?

A rollover to your new employer's retirement plan allows you to maintain the tax-deferred status of your account. Additional benefits include managing your existing balance and any new benefits you accrue with your new employer in a single plan. You can generally choose your investment options in an employer sponsored retirement plan and you may be able to invest in lower-cost options than is otherwise possible in an IRA. Finally, if you have an outstanding loan in the AlerisLife 401(k) Plan, you may be able to roll over the loan to your new employer's retirement plan. Before taking a distribution from the AlerisLife 401(k) Plan, you may wish to confirm that your new employer's retirement plan is willing to accept the rollover, including any loan if applicable.

What are the benefits of rolling over to an IRA?

A rollover to an IRA allows you to maintain the tax-deferred status of your account and continue to control the investment of your balance. You can choose any IRA provider. You will not, however, be able to roll over an outstanding AlerisLife 401(k) Plan loan to an IRA. If you have an outstanding loan, be sure to read the discussion below under "What happens to my outstanding loan(s) at termination?"

What are the benefits of electing a lump sum?

With a lump sum distribution, your entire balance is paid directly to you. However, the distribution will be subject to income tax, including mandatory 20% federal income tax withholding and, if applicable, state income tax withholding, other than any Roth contributions and earnings on Roth contributions if you receive a "qualified distribution." Your taxable distribution may also be subject to an early distribution 10% federal excise tax.

Any outstanding loan will default and be treated as part of the taxable distribution; it is not necessary to repay the loan prior to taking a lump sum distribution.

What happens if I take no action?

Subject to the small balance cash-out rule referred to earlier, your balance remaining in the AlerisLife 401(k) Plan following the Plan's termination date will be rolled over to an IRA with Empower. At that point, AlerisLife and the AlerisLife 401(k) Plan will have no further responsibility over the balance and you will need to contact Empower as the IRA custodian in order to gain access to your funds.

What happens to my outstanding loan(s) at termination?

The outstanding balance of your loan is due at your termination of employment, or the Plan's termination if later. Any amount outstanding will be treated as a "loan offset," which is considered a taxable distribution. This means:

- **Taxable event:** The unpaid loan balance will be reported as taxable income for the year, unless you are able to complete a rollover.
- **Early withdrawal penalty:** If you are under age of 59½, the unpaid loan balance may also be subject to a 10% early distribution penalty unless you qualify for an exception.
- **Rollover Option:** The retirement plan of your new employer may accept a rollover of an outstanding loan. You can avoid a taxable event only if you are able to complete a rollover over to an IRA or another employer plan of the loan offset amount within the time period prescribed by the Internal Revenue Code (the extended due date of your tax return for the year of the distribution). In the case of an IRA, you will need to find an additional source of cash in order to complete a rollover. Additional information is

available from Empower and a Form 1099-R for the amount of the defaulted loan, including accrued interest, will be issued to you.

Until I terminate employment with AlerisLife or until the AlerisLife 401(k) Plan is terminated, can I change my contribution amount and/or continue to make loan repayments?

You may continue to make deferral contribution rate changes while you remain employed and through the AlerisLife 401(k) Plan's termination. You may do this through Empower on-line at www.empowermyretirement.com or by calling Empower at 800-338-4015.

You will continue to make loan payments while you remain employed and through the AlerisLife 401(k) Plan's termination. If you wish to increase the amount of your periodic payments, or repay your loan in full, please contact [Empower at 800-338-4015]. Increasing your loan repayments or repaying the loan in full will avoid or minimize the loan offset and the adverse tax consequences that would follow, as discussed earlier.

Pending a distribution, you continue to have the ability to manage the investment of your account.

Are there any resources available to me with respect to my AlerisLife 401(k) Plan balance?

Yes. SageView Advisory is an ERISA fiduciary with respect to the AlerisLife 401(k) Plan and Alex MacIsaac, CFP® is a dedicated Financial Consultant who can help you navigate this process. He can be reached at amacisaac@sageviewadvisory.com or by telephone at 617-701-9141.

If you would like another copy of the AlerisLife 401(k) Plan SPD or the Plan Loan Administration Policy, you can find it [here](#), on the Empower website at www.empowermyretirement.com or you can request a copy by calling Empower at 800-338-4015.