



**NORTHWEST KIDNEY CENTERS
TAX-DEFERRED 401(k) PLAN AND TRUST**

2018 Notice of ADP/ACP Safe Harbor

TO ALL PLAN PARTICIPANTS:

Northwest Kidney Centers (the “Employer”) adopted “safe harbor employer matching contribution provisions” effective January 1, 2000, for Northwest Kidney Centers Tax-Deferred 401(k) Plan and Trust (the “Plan”). By adopting these safe harbor provisions and complying with certain requirements, the Plan is exempt from the Average Deferral Percentage (“ADP”) and Average Contribution Percentage (“ACP”) nondiscrimination tests otherwise required under Internal Revenue Code Sections 401(k) and 401(m). This notice is intended to inform you of your rights under the new Plan provisions and to satisfy the requirements of Code Section 401(k)(12)(D) and Internal Revenue Service Notice 98-52.

The Employer reserves the right to amend the Plan during the year to reduce or suspend safe harbor contributions, in accordance with applicable law. However, any such amendment will not be effective until at least 30 days after a supplemental notice has been given to participants.

1. Plan Eligibility Requirements

You are eligible to participate in the Plan if you are employed in an eligible employment category and after you meet the Plan’s eligibility requirements, as described below.

A. 401(k) Tax-Deferred Contributions. You are eligible to make 401(k) Tax-Deferred Contributions to the Plan after your completion of sixty (60) days of service effective as of the dates established by the Retirement Committee.

B. Safe Harbor Employer Matching Contributions and Employer Discretionary Contributions. You are eligible to share in Safe Harbor Employer Matching Contributions and any Employer Discretionary Contributions that are made as of the January 1 or July 1 that occurs on or after your completion of one (1) Year of Service.

A Year of Service for this purpose is a 12-month “eligibility computation period” in which you receive credit for at least 1,000 hours of service. Your first eligibility computation period is the 12-month period measured from your date of hire. If you do not complete at least 1,000 hours of service during that first eligibility computation period, then your service will be measured over the following periods: (i) each 12-month Plan Year (the calendar year), and (ii) each 12-consecutive month period that runs from July 1 to June 30.

C. Excluded Individuals. Union employees, leased employees, and independent contractors are not eligible to participate in the Plan.

2. Safe Harbor Employer Matching Contribution Formula

Each Plan Year, your Employer will contribute to your Safe Harbor Matching Contribution Account in the Plan an amount equal to 100% of your 401(k) Tax-Deferred Contributions (including any Catch-up Contributions) of up to the first 4% of your eligible compensation.

3. Type and Amount of Compensation That May Be Deferred

For Plan contribution purposes, your compensation includes all salary or wages and overtime paid to you during the Plan Year, plus any compensation that would have been paid to you if not for your election to make 401(k) Tax-Deferred Contributions under the Plan or to make salary reduction contributions to any Code Section 125 cafeteria plan or 132(f)(4) plan (if any) sponsored by your Employer. Additionally, any differential wage payment made during a qualifying military leave is included in your compensation for Plan contribution purposes. However, converted paid time off payments and bonuses (including service recognition bonuses) are excluded from compensation for Plan contribution purposes. Your annual compensation which may be taken into account under the Plan for 2018 is limited to \$275,000.

4. Other Contributions

You may elect to make 401(k) Tax-Deferred Contributions up to the maximum amount allowable under applicable laws and regulations (see 5. below). However, any 401(k) Tax-Deferred Contributions in excess of 4% of your compensation are not eligible for Safe Harbor Employer Matching Contributions. For example, if you contribute 5% of your compensation as 401(k) Tax-Deferred Contributions, you will receive Safe Harbor Employer Matching Contributions based on the first 4% of Compensation you contribute as 401(k) Tax-Deferred Contributions. You will not receive any Safe Harbor Employer Matching Contributions on the additional 1% of compensation that you contribute as 401(k) Tax-Deferred Contributions.

The Employer may also make discretionary profit-sharing contributions to your Plan account but is not required to do so.

5. Maximum 401(k) Tax-Deferred Contributions

Your 401(k) Tax-Deferred Contributions may not exceed \$18,500 in 2018. The Plan Year is a calendar year, January 1 through December 31. If you are age 50 or over, you may make additional “catch-up” contributions of up to \$6,000 above the \$18,500 limit. Additionally, your total contributions to the Plan, including your 401(k) Tax-Deferred Contributions, the Safe Harbor Employer Matching Contributions, and Employer Discretionary Contributions, if any, may not exceed \$55,000 in 2018 (or \$61,000 in 2018 if you are age 50 or older), or 100% of your compensation, because of annual limitations on the total contributions that can be made to the Plan on your behalf.

6. Enrollment/Change Periods

The necessary election forms are available from Human Resources. If you do not elect to make 401(k) Tax-Deferred Contributions when you first become eligible, you may later elect to make 401(k) Tax-Deferred Contributions effective as of the dates established by the Retirement Committee. Your 401(k) Tax-Deferred Contributions will continue according to your election, until you request a change. Changes will be effective following the receipt of your change request in accordance with the procedures and the timeframes established by the Retirement Committee. You may elect to stop making 401(k) Tax-Deferred Contributions effective the first day of any pay period, as long as you complete the required form and return it to Human Resources before the beginning of that pay period.

7. Vesting and Withdrawal Provisions

Your 401(k) Tax-Deferred Contributions (including any Catch-up Contributions) and Safe Harbor Employer Matching Contributions made on your behalf are 100% vested and nonforfeitable at all times. Employer Discretionary Contributions, if any, are subject to the following vesting schedule:

<u>Completed Years of Service</u>	<u>Percent Vested</u>
0	0%
1	0%
2	25%
3	50%
4	75%
5	100%

If you are over age 59½, you may withdraw all or a portion of your vested Plan account balance at any time and for any reason. If you have not yet reached age 59½, your vested Plan account balance may not be withdrawn prior to your attainment of age 59½, your severance from service, your retirement, your total and permanent disability, or your death, except that 401(k) Tax-Deferred Contributions may be withdrawn if you have a qualifying economic hardship as defined in the Plan.

If you are on a qualifying military leave of more than 30 days, you are eligible to take a distribution of your 401(k) Deferral Contributions Account, subject to a six-month suspension of your ability to make deferrals to the Plan following the withdrawal.

You may also obtain a loan from your vested Plan account balance, subject to certain terms and conditions stated in the Plan.

8. Contact Information

For further details regarding your rights under this Plan, please consult the Plan document or contact Denise Matz.

Ms. Denise Matz
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