FAQ: Retirement Plan Considerations after Partnering with OneOncology

The following Q&As are an overview for informational purposes only and have not been drafted to address specific situations or fact patterns.

Q: What business transactions can have an impact on the retirement plans offered by the parties?

A: Certain business transactions can have a significant impact on the retirement plans offered by both the buyer and the seller.

These transactions typically include, but are not limited to, a merger between companies, an acquisition by one company of all or some of the assets of another, and the purchase of a company's stock by the acquiring company or its owners. A plan sponsor's options with respect to their retirement plan will depend on the type and structure of the transaction.

Q: What type of business transaction results from partnering with OneOncology?

A: Partnering with OneOncology is similar to the above-referenced merger between companies. In a typical merger scenario, the companies become part of the same controlled group. Due to the limited ownership overlap and the controlled group rules, the OneOnc partnership does not rise to the level of a controlled group. However, the partnership does result in what is known as an affiliated service group.

Q: What is an affiliated service group?

A: An affiliated service group consists of a service organization and one or more organizations related to the service organization through ownership or a working relationship. In the typical OneOnc business relationship, the Medical Practice receives an ownership interest in OneOncology's parent company and the entities combine their efforts to provide services for third parties. In the case of a C-Corp, the ownership interest is not as apparent due to the C-Corp ownership attribution rules. However, ownership may be achieved through the medical practice itself or through the physicians. Due to the complexities of this issue, each new entity structure must be reviewed to ensure the ownership and other affiliated service group requirements are satisfied.

Q: What are the implications of the formation of an affiliated service group?

A: The IRS created the affiliated service group rules to prevent related entities from avoiding tax and employee benefit rules by avoiding the formation of a controlled group. The result is that the groups employees are treated as employees of a single employer for certain employee benefit requirements under the Internal Revenue Code (IRC) and the Employee Retirement Income Security Act of 1974 (ERISA).

Q: If an affiliated service group is formed with OneOncology, why not maintain separate plans?

A: The affiliated service rules require all plans of all employers in the group to be non-discrimination tested as if there was only one employer. As a result, in the typical scenario, the retirement plan benefits must be identical or there is a risk that testing will fail, potentially resulting in substantial costs implications. Since the plan benefits are the same, there is tremendous economies of scale, ease of administration and cost savings if all entities join the same retirement plan.

Q: What happens to the new partners plan once the company joins the OneOncology plan?

A: The plan is merged with the OneOncology plan and all of its assets and participant accounts are transferred to the OneOncology plan. This happens in two phases. First, non-clinical and clinical employees begin deferring to the new plan. Second, the assets are transferred from the current plan and recordkeeper to the OneOncology plan. The OneOncology plan will recognize all prior service for eligibility and vesting purposes.

Q: Can a new partner terminate its plan rather than merging with the OneOncology plan?

A: In general, no. As referenced in the information above, the affiliated service group rules result in all of the employees being treated as employees of a single employer. The successor plan rule prevents an employer from establishing or maintaining another plan within twelve months after the full liquidation of its retirement plan

Q: Can a participant decide where to move their 401(k) account?

A: No. In a plan merger, normal plan distribution rules apply. All plan assets will merge into the OneOncology Plan unless an employee with a distributable event requests a distribution prior to the merger. Distributable events may include participants who have separated from service or participants who have reached age 59 ½ and are eligible for an in-service distribution. The Plan Document will outline distribution options.

Q: The new partner plan includes 401k loans. How are loans handled with the plan merger?

A: Loans will move to the OneOncology plan as part of the merger. Loan payments will continue to process to the current 401(k) plan as normal until the 401k payroll deductions begin to process to the OneOncology plan (which includes the loan payments). Sentinel will collect the loan records from the current plan vendor in order to setup the loans in the OneOncology plan.

Q: The new partner plan includes 401k individual brokerage accounts. How is that handled with the plan merger?

A: Individual brokerage accounts are not permitted in the OneOncology plan. The preferred brokerage asset transfer method is that the brokerage account assets move as cash to reinvest into the brokerage account owners' new participant accounts in the OneOncology plan. However, in some cases the brokerage accounts can move in-kind to become a frozen legacy brokerage account in the OneOncology plan.

Q: What actions will employees need to take?

A: Employees will need to register and enroll in their new account on the Sentinel Group website. Detailed communication is provided for this enrollment. The enrollment includes the following:

- Employees will select a contribution rate for the OneOncology plan. Employees that take no action will be auto enrolled into the OneOncology plan with a 3% pre-tax contribution rate.
- Employees will select investments in their new OneOncology plan account. Employees that

do not take action will have contributions invested into the default investment.

Q: What are the steps for merging the legacy plan with OneOncology's Plan?

A: Sentinel Group will provide a Conversion Project Manager to facilitate the plan transfer/merger details. Here are the key steps involved:

- Employee enrollment prior to first payroll through OneOncology
- Coordination with current plan vendor on timing and transfer paperwork
- Preparation of employee notification packet regarding the plan transfer/merger (including Blackout Notice which describes the time that employees will lose access to their accounts during the transfer)
- Current Plan Documents review and comparison to OneOncology Plan Documents. This includes a protected benefit analysis and Merger & Transfer Agreement/Resolution
- Coordination with current vendor on transfer of current plan records to be mapped into new employee accounts in the OneOncology plan at Sentinel

Q: Who are the vendors/providers that service the OneOncology Plan?

A: There are 4 primary vendors involved.

- OneOncology, LLC – Plan Sponsor
- Sentinel Group – Record-keeper/Administrator (employee website, compliance testing, etc.)
- Charles Schwab Trust Bank – Corporate Trustee & Custodian of plan assets
- HUB Retirement & Wealth Management (Investment Advisor)