

**Annual Funding Notice  
for  
The Campbell Clinic, P.C. Cash Balance Pension Plan**

**Introduction**

This notice includes important information about the funding status of your pension plan, the Campbell Clinic, P.C. Cash Balance Pension Plan (the “Plan”) and general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is for the plan year beginning January 1, 2011 and ending December 31, 2011 (the “Plan Year”).

**Funding Target Attainment Percentage**

Under federal law, the plan must report how well it is funded by using a measure called the “funding target attainment percentage.” This percentage is obtained by dividing the Plan’s Net Plan Assets by Plan Liabilities on the Valuation Date for the plan year. In general, the higher the percentage, the better funded the plan. Your Plan’s funding target attainment percentage for the Plan Year and each of the two preceding plan years is shown in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	2011	2010	2009
1. Valuation Date	January 1, 2011	January 1, 2010	January 1, 2009
2. Plan Assets			
a. Total Plan Assets	6,905,253	5,106,760	3,274,763
b. Funding Standard Carryover Balance	18,911	16,811	13,781
c. Prefunding Balance	0	0	0
d. Net Plan Assets (a) – (b) – (c) = (d)	6,886,342	5,089,949	3,260,982
3. Plan Liabilities	5,755,185	4,168,654	3,149,608
4. At-Risk Liabilities	N/A	N/A	N/A
5. Funding Target Attainment Percentage (2d)/(3)	119.65%	122.1%	103.5%
6. Ratio of Plan Assets to Plan Liabilities (2a)/(3)	119.98%	122.5%	104.0%

**Plan Assets and Credit Balances**

Total Plan Assets is the value of the Plan’s assets on the Valuation Date (see line 2 in the chart above). Credit balances were subtracted from Total Plan Assets to determine Net Plan Assets (line 2d) used in the calculation of the funding target attainment percentage shown in the chart above. While pension plans are permitted to maintain credit balances (also called “funding standard carryover balances” or “prefunding balances” see 2b & 2c in the chart above) for funding purposes, they may not be taken into account when calculating a plan’s funding target attainment percentage. A plan might have a credit balance, for example, if in a prior year an employer made contributions to the plan above the minimum level required by law. Generally, the excess contributions are counted as “credits” and may be applied in future years toward the minimum level of contributions a plan sponsor is required to make by law.

## Plan Liabilities

Plan Liabilities shown in line 3 of the chart above are the liabilities used to determine the Plan's Funding Target Attainment Percentage. This figure is an estimate of the amount of assets the Plan needs on the Valuation Date to pay for promised benefits under the plan.

## Year-End Assets and Liabilities

The asset values in the chart above are measured as of the first day of the Plan Year. As of December 31, 2011, the fair market value of the Plan's assets was \$7,600,000. On this same date, the Plan's liabilities were \$8,220,000.

## Participant Information

The total number of participants in the plan as of the Plan's valuation date was 411. Of this number, 313 were active participants, none were retired or separated from service and receiving benefits, and 98 were retired or separated from service and entitled to future benefits.

## Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of assets needed to pay for promised benefits. The funding policy of the Plan is to contribute to the Plan such amounts as designated in the Plan document (pay based credits), but not less than deemed necessary in accordance with governing regulations so as to meet the funding requirements for each plan year.

Once money is contributed to a pension plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions.

The following is a summary of the investment policy of the Plan; for more specific information, please refer to the investment policy in its entirety currently in effect for the Plan. Over full market cycles, the primary investment objective of the Plan is to earn a total return that exceeds actuarial assumptions and provides a premium of capital growth over the inflation rate as measured by the consumer price index. Plan assets are invested through a program of diversification among asset classes. The asset classes are reviewed by the fiduciaries from time to time. The investment performance objectives of the Plan represent long term expectations and are evaluated by the fiduciaries using a minimum five (5) year time horizon as well as manager inception time periods.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Interest-bearing cash	0.9%
2. U.S. Government securities	
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	
4. Corporate stocks (other than employer securities):	
Preferred	
All other	
5. Partnership/joint venture interests	
6. Real estate (other than employer real property)	

7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	
10. Value of interest in pooled separate accounts	
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	
13. Value of interest in registered investment companies (e.g., mutual funds)	99.1%
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments:	
Employer Securities	
Employer real property	
16. Buildings and other property used in plan operation	
17. Other	

### Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report called the Form 5500 that contains financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. For 2009 and subsequent plan years, you may obtain an electronic copy of the plan's annual report by going to [www.efast.dol.gov](http://www.efast.dol.gov) and using the Form 5500 search function. In addition, you may obtain a copy of this report through the company's intranet by going to <https://sp.campbellclinic.com>, or by making a written request to the plan administrator. Individual information, such as the amount of your accrued benefit under the plan, is not contained in the annual report. If you are seeking information regarding your benefits under the plan, contact the plan administrator identified below under "Where To Get More Information."

### Summary of Rules Governing Termination of Single-Employer Plans

If a plan is terminated, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. Under a standard termination, the plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly, for life or for a set period of time when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Your plan administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

## **Benefit Payments Guaranteed by the PBGC**

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor's bankruptcy and the bankruptcy proceeding began on or after September 16, 2006, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2011, the maximum guarantee is \$4,653.41 per month, or \$55,840.92 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, and the bankruptcy proceeding began on or after September 16, 2006, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65; the maximum guarantee by age can be found on PBGC's website, [www.pbgc.gov](http://www.pbgc.gov). The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees "basic benefits" earned before a plan is terminated, which includes:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right when a plan terminates, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements at the time the plan terminates.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding \$5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

## **Where to Get More Information**

For more information about this notice, you may contact Tracy M. Avery at Campbell Clinic, P.C., 1400 S. Germantown Rd., Germantown, TN 38138-2205, (901) 759-3105. For identification purposes, the official plan number is 003 and the plan sponsor's employer identification number or "EIN" is 62-0811256. For more information about the PBGC go to PBGC's Web site, [www.pbgc.gov](http://www.pbgc.gov).