



Sandia National Laboratories

# ERISA Information

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January 1, 2004

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# ERISA Information

In 1974, a federal law called the Employee Retirement Income Security Act (ERISA) went into effect to protect your rights under employee benefit plans. This legislation affects many aspects of employee benefits, including your right to know important facts about your benefits. The benefits provided by the following Sandia pension and welfare plans are covered by ERISA:

- Sandia Corporation Health & Work/Family Benefit Plans
  - Sandia Top Preferred Provider Organization (PPO) Medical Plan
  - Sandia Intermediate Preferred Provider Organization (PPO) Medical Plan
  - Sandia Basic Preferred Provider Organization (PPO) Medical Plan
  - CIGNA Network Point-of-Service (POS) Medical Plan
  - Lovelace Senior Plan
  - Kaiser Foundation Health Plan
  - Dental Expense/Deluxe Plans
  - Vision Care Plan
  - Long-Term Disability/Disability Plus Plans
  - Reimbursement Spending Accounts Plan
  - Vacation Buy Plan
- Sandia Corporation Employee Voluntary Separation Incentive Payment Plan
- Sandia Corporation Nonoccupational Illness and Injury While on Travel Status Plan
- Sandia Corporation Long-Term Care Insurance Plan
- Sandia Corporation Special Risk Accident Insurance Plan
- Sandia Corporation High-Risk Foreign Travel Plan
- Sandia Corporation Job Incurred Accidental Death Insurance Plan
- Sandia Corporation Basic Group Term Life Insurance Plan
- Sandia Corporation Basic Supplemental Group Term Life Insurance Plan
- Sandia Corporation Pension Security Plan
- Sandia Corporation Retirement Income Plan
- Sandia Corporation Savings and Security Plan
- Sandia Corporation Savings and Income Plan

The information in this booklet explains your rights guaranteed by ERISA and other important plan facts. The Summary Plan Description booklet for each plan

covered by ERISA contains a section telling you how you can appeal a benefit claim that has been denied.

**These plans are maintained at the discretion of Sandia. They are not intended to create a contract of employment and do not change the at-will employment relationship between you and Sandia. The Sandia Board of Directors (or designated representative) reserves the right to suspend, change, or amend any or all provisions of the plans at any time without prior notice, subject to applicable collective bargaining agreements. If the plans should be terminated or changed, it will not affect your right to any benefits to which you have already become entitled.**

# Summary of Changes

- The Two Option Medical Plan has been removed as it is no longer available.
- The Prescription Drug Program has been incorporated into the Top, Intermediate and Basic PPO Medical Plan Summary Plan Descriptions, as it is part of these plans.
- The Employee Assistance Program is not an ERISA plan and was therefore removed from the list on page iii. The program has *not* been discontinued.
- The St. Joseph MedicarePlus plan has been removed as it is no longer available.
- Dental Deluxe was added to better reflect the dental plans.
- Long-Term Disability Plus was added to better reflect the LTD plans.
- The Sickness Absence Plan is not an ERISA plan and was therefore removed from the list on page iii. The plan has *not* been discontinued.
- The High-Risk Foreign Travel Insurance Plan was added as it is newly available.
- The Pension and Benefits Welfare Administration was replaced with the Employee Benefits Security Administration.
- The section Continuing Group Health Plan coverage was added.
- Other plan facts were updated to reflect current ERISA plans and changes in plan administrators.

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# Your Rights Under ERISA

Sandia is not required to provide the pension or welfare benefit plans as listed on page iii of this booklet. However, certain legal requirements under ERISA must be met for any benefits Sandia wishes to offer. ERISA requires that you be given an opportunity to learn what these benefits are and that you be furnished with facts about them. The Summary Plan Description booklets are one way to help keep you informed.

As a participant in any of the Sandia-sponsored pension or welfare benefit plans mentioned on page iii of this booklet, you are entitled to certain rights and protections under ERISA. A summary of the rights and protections given to plan participants by ERISA is as follows:

- To examine and/or receive information about your plan and benefits;
- To continue group health plan coverage under the circumstances discussed;
- To have prudent operation of your benefits plan by the plan fiduciaries;
- To enforce your rights;
- To receive assistance with your questions.

Each of these rights/protections is discussed in detail below.

## Examining and Receiving Information About Your Plan and Benefits

With regard to information, you have the rights listed below:

- You may examine, without charge, at the Plan Administrator's office and at other specified locations such as worksites and union halls, all documents governing the plans including insurance contracts, collective bargaining agreements, Summary Plan Descriptions, and copies of the latest annual reports (Form 5500 Series) filed by the plans with the U. S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- You may obtain, upon written request to the Plan Administrator, copies of documents governing the operations of the plans, including insurance contracts and copies of the latest annual reports (Form 5500 Series) and updated summary plan descriptions. The Administrator may make a reasonable charge for the copies.



- You have the right to receive a summary of each plan’s annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this Summary Annual Report.
- You have the right to obtain a statement telling you whether you have a right to receive a pension at normal retirement age (generally, age 65) – **if** you are a participant under the Retirement Income Plan or Pension Security Plan.
  - If you have such a right, the statement will tell you what your benefits would be at normal retirement age if you stop working under the Plan now.
  - If you do **not** have a right to a pension, the statement will tell you how much work-time will be required in order to obtain a right to a benefit.
  - This statement must be requested in writing from the Plan Administrator and is not required to be given more than once a year. The Plan Administrator must provide the statement free of charge.

## Continuing Group Health Plan Coverage

**If there is a loss of coverage under the plans as a result of a qualifying event** – you have the right to continue health care coverage for yourself, your spouse or your dependents. You or your dependents may have to pay for such coverage. Review the documents governing the plans on the rules concerning COBRA continuation coverage rights.

**If you have creditable coverage from another plan** – you have a right to a reduction or elimination of exclusionary periods of coverage for preexisting conditions under your group health plan. You should be provided a certificate of creditable coverage, free of charge, from your group health plan or health insurance issuer, when you lose coverage under the plans, when you become entitled to elect COBRA continuation, when your COBRA continuation ceases, if you request it before losing coverage, or if you request it up to 24 months after losing coverage. Without evidence of creditable coverage, you may be subject to a pre-existing exclusion for 12 months (18 months for late enrollees) after your enrollment date in your coverage.

## Having Prudent Operation of Your Plan by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plans. The people who operate your plan, called “fiduciaries” of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries.

No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension or welfare benefit or exercising your rights under ERISA.

## Enforcing Your Rights

**If your claim for a pension or welfare benefit is denied in whole or in part** – you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

**If you have a claim for benefits that is denied or ignored, in whole or in part** – you may file suit in a state or federal court, after exhausting the appeals mechanisms in the plan.

**In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order**– you may file suit in a federal court, after exhausting the appeals mechanisms provided in the plan.

**If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights** – you may seek assistance from the U. S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you win, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (e.g., the court finds your claim frivolous).

## Obtaining Assistance With Your Questions

**If you have any questions about any of your pension or welfare benefit plans** – you should contact your Benefits representative at Sandia National Laboratories in Albuquerque at 505-845-2363 or Livermore at 925-294-2254.

**If you have any questions about this statement of your rights, or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator** – you should contact the nearest Area Office of the Employee Benefits Security Administration, U. S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U. S. Department of Labor, 200

Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

# Important Plan Facts

## Plan Administrator and Plan Sponsor

Sandia Corporation, P. O. Box 5800, MS0141, Albuquerque, NM 87185, is the Plan Administrator and Plan Sponsor for the pension and welfare benefit plans listed on page iii of this booklet. The telephone number is (505) 845-2363. The Plan Administrator and its designated fiduciaries have the complete discretionary authority to determine all questions (other than claims for benefits, which are decided by the Claims Administrator) arising in connection with the administration, interpretation, and application of the Plan (and any related documents and underlying policies). For claims for benefits decided by the Claims Administrator, the Claims Administrator has the complete discretionary authority to determine all questions arising in connection with the claim for benefits, including questions related to the administration, interpretation and application of the Plan (and any related documents and underlying policies). Any such determination by the Plan Administrator or its fiduciaries or the Claims Administrator shall be conclusive and binding on all persons. See the individual Summary Plan Description booklet to determine details for each respective plan.

## Employer ID Number

The Employer Identification Number assigned to Sandia by the IRS is 85-0097942.

## Union Agreements

For represented employees, the pension and welfare benefits described in the Summary Plan Description booklets reflect the provisions of the plans that have been and are currently subject to negotiations between Sandia and the various unions representing Sandia employees. Copies of collective bargaining agreements referring to the plans are distributed or made available to employees covered by such agreements. The effective date of the plans for employees in each bargaining unit is the date specified in the applicable union agreement.

## Plan Documents

The Summary Plan Description booklets summarize the principal features of each benefit plan. Statements contained in these booklets are subject to the provisions of the contracts or documents governing the plans that set forth the benefits, terms, and conditions of the plans and that legally govern the plans' operations.

These contracts and other documents governing the plans, as well as the annual reports of plan operations filed with the U. S. Department of Labor, together with the Summary Plan Description booklets and any other instruments under which the plans are established or operated, are available for review by plan participants during normal working hours in your Benefits office at Sandia National Laboratories in Albuquerque or Livermore. Upon written request addressed to the Manager, Benefits Department, Sandia National Laboratories, P. O. Box 5800, MS1022, Albuquerque, NM 87185, copies of any or all of these contracts or documents governing the plan will be furnished within 30 days at a reasonable charge to a plan participant.

## Plan Continuance

Sandia intends to continue these pension and welfare benefit plans indefinitely, but reserves the right to amend, suspend, change, or terminate any of the plans, at any time without prior notice, subject to any applicable collective bargaining agreements. If any of the plans should be terminated or changed, it will not affect your right to any benefits to which you have already become vested.

## Legal Service

Process can be served on any of these benefit plans by directing such notice to the Plan Administrator (as identified above) at one of the following addresses:

Sandia Corporation  
P. O. Box 5800, MS0141  
Albuquerque, NM 87185

Sandia Corporation  
1515 Eubank SE, MS0141  
Albuquerque, NM 87123

# Other Plan Facts Required by ERISA

The plan names, types, years, ID numbers, types of funding, and Claim Administrators outlined in the table below are effective January 1, 2004. All questions and appeals regarding Sandia's ERISA plans on or after January 1, 2004, should be addressed with the following information. Refer to the Summary Plan Description booklet for each plan covered for more detailed plan information, Claim Administrator address, and appeals procedures.

Plan Name	ERISA Type of Plan	Plan Year	Plan ID No.	Type of Plan Funding	Claim Administrator
<b>Sandia Corporation Health &amp; Work/Family Benefit Plans</b>	Welfare	1/1–12/31	519		
▪ Sandia Top PPO Medical Plan				Self	United of Omaha Life Insurance Company/ Eckerd Health Services
▪ Sandia Intermediate PPO Medical Plan				Self	United of Omaha Life Insurance Company/ Eckerd Health Services
▪ Sandia Basic PPO Medical Plan				Self	United of Omaha Life Insurance Company/ Eckerd Health Services
▪ CIGNA Network POS Medical Plan				Self	CIGNA HealthCare
▪ Lovelace Senior Plan				Insured	Lovelace Sandia Health Systems
▪ Kaiser Foundation Health Plan				Insured	Kaiser Foundation Health Plan, Inc.
▪ Dental Expense/Deluxe Plans				Self	Delta Dental USA
▪ Vision Care Plan				Self	Superior Vision Services, Inc.
▪ Long-Term Disability/ Disability Plus Plans				Insured	UNUM Provident Corporation
▪ Reimbursement Spending Accounts Plan				Self	Pay Flex Systems USA, Inc.
▪ Vacation Buy Plan				Self	Sandia Benefits and Health Service Center

Plan Name	ERISA Type of Plan	Plan Year	Plan ID No.	Type of Plan Funding	Claim Administrator
<b>Sandia Corporation Employee Voluntary Separation Incentive Payment Plan</b>	Welfare	1/1–12/31	525	Self	Sandia Corporation
<b>Sandia Corporation Nonoccupational Illness and Injury While on Travel Status Plan</b>	Welfare	1/1–12/31	514	Self	Sandia Benefits and Health Services Center
<b>Sandia Corporation Long-Term Care Insurance Plan</b>	Welfare	1/1–12/31	526	Insured	United of Omaha Insurance Company
<b>Sandia Corporation Special Risk Accident Insurance Plan</b>	Welfare	1/1–12/31	509	Insured	AIG
<b>Sandia Corporation High-Risk Foreign Travel Plan</b>	Welfare	1/1-12/31	530	Insured	AIG
<b>Sandia Corporation Job Incurred Accidental Death Insurance Plan</b>	Welfare	1/1–12/31	508	Insured	Continental Casualty Company
<b>Sandia Corporation Basic Group Term Life Insurance Plan</b>	Welfare	1/1–12/31	506	Insured	The Prudential Insurance Company of America
<b>Sandia Corporation Basic Supplemental Group Term Life Insurance Plan</b>	Welfare	1/1–12/31	507	Insured	The Prudential Insurance Company of America
<b>Sandia Corporation Pension Security Plan</b>	Defined Benefit Pension	1/1–12/31	005	Trust and Insurance	Trustee & Assets: The Prudential Asset Management Company Inc., and Northern Trust Company
<b>Sandia Corporation Retirement Income Plan</b>	Defined Benefit Pension	1/1–12/31	006	Trust and Insurance	Trustee & Assets: The Prudential Asset Management Company Inc., and Northern Trust Company
<b>Sandia Corporation Savings and Security Plan</b>	Defined Contribution Pension	1/1–12/31	007	Trust Profit Sharing 401(a), (k)	Trustee & Assets: Fidelity Institutional Retirement Services Company
<b>Sandia Corporation Savings and Income Plan</b>	Defined Contribution Pension	1/1–12/31	008	Trust Profit Sharing 401(a), (k)	Trustee & Assets: Fidelity Institutional Retirement Services Company