



CHRISTIANA CARE HEALTH SYSTEM

August 11, 2010

Re: Medical Resident FICA Refund Claims

Dear Sir or Madam,

Recent court decisions may make you eligible for a refund for the FICA (Social Security and Medicare) taxes that were withheld from your paycheck from January 1, 1995 through March 31, 2005. Christiana Care Health Services, Inc. ("CCHS"), with the assistance of the professional services firm PricewaterhouseCoopers LLP, filed claims for refund of Social Security and Medicare taxes paid on wages earned for services performed by medical residents during these tax periods. These taxes are Federal Insurance Contributions Act ("FICA") taxes and the claims are referred to as Medical Resident FICA Refund Claims.

On March 2, 2010, the IRS announced it would honor the Medical Resident claims. Our records indicate that you were a resident with CCHS at some point between January 1, 1995 through March 31, 2005 and accordingly you may be eligible for a FICA refund for taxes withheld from your pay, plus interest. To properly complete and "perfect" the FICA tax refund claims, CCHS is required to make a good faith effort to contact individual residents included in its claim and request their consent to allow CCHS to file for a refund on your behalf for your share of the refundable FICA taxes. We cannot receive a refund of the FICA taxes that were withheld and paid on your behalf unless we have your written consent.

You are under no obligation to consent to a refund of your share of FICA taxes paid when you were a resident. However, if you do not give your consent to have CCHS obtain your refund, you may be precluded from receiving any refund of the FICA taxes withheld and paid on your behalf because the time period for filing an individual claim for refund with the IRS may have expired.

If you consent, after we receive the refund from the IRS, CCHS will pay you your FICA tax refund, plus statutory interest. The FICA tax refund is not taxable; however, the interest on the refund is taxable to you whether or not you receive a Form 1099-INT, Interest Income. CCHS is required to file Form 1099-INT with the IRS and furnish a copy to you if we pay you interest of \$600 or more in a calendar year.

In addition, CCHS will file Form W-2c, *Corrected Wage and Tax Statement*, with Social Security Administration (SSA), and furnish a copy to you for each tax year for which you receive a refund of FICA taxes. In most cases, Form W-2c will show a reduction in your earnings for social security coverage purposes in an amount equal to all the wages you were paid for services performed as a medical resident. Social security benefits are based on your earnings over your working lifetime. Accordingly, based on your personal circumstances, a refund could have a detrimental effect upon disability, survivors, or retirement benefits that you, or your family, are receiving or may seek to receive in the future. If you want information about the affect on your social security benefits, you should contact SSA directly at 1-800-772-1213 (toll free). If you call or visit a Social Security office, please have this letter with you. It will help SSA answer your questions. You might want to review your social security record before and after your refund has been processed. You can use your current Social Security Statement or you can request a copy of your Social Security Statement at the following link: <http://www.ssa.gov/mystatement> .

If you wish to consent to receive your share of the refund from CCHS, please complete the enclosed Employee Consent Form and send it to the address shown at the bottom of the consent form. Your consent form must be postmarked no later than **Monday, September 27, 2010**.

If you have already claimed and received a refund or credit for FICA taxes that were withheld from medical resident wages, or if you filed an individual refund claim for such FICA taxes and that claim is still pending with the IRS, then we will not be able to file your Medical Resident claim for the year(s) that you received a refund or credit or have a pending refund claim. This restriction does not apply if you filed a refund claim and it was rejected by the IRS. If we can file your Medical Resident claims for some years, but not others, check "Yes" for the years you are eligible or "No" for the years you are not eligible.

If you consent to be part of CCHS' Medical Resident claim and the IRS determines that you are ineligible for a refund because you already received a refund based on an individual claim you filed, the IRS will not refund your share to us and this information may be disclosed to us.

If you have any questions about this letter, please visit the Medical Resident FICA link on the Christiana Care Health Services, Inc. website at www.christianacare.org/FICAREfund where you can find frequently asked questions and additional information. You may also email: cchs_mrfica@us.pwc.com. Include your name and years of residency or fellowship in your email message.

Very truly yours,

Ms. Lisa Smith
Director of Accounting
Christiana Care Health Services, Inc.