

STANFORD FINANCIAL GROUP RECEIVERSHIP

FAQs Regarding Employee Benefit Matters

Posted April 7, 2009

For Former Employees - U.S. Offices

Health Care Insurance

Question 1. What is the status of the Stanford Financial Group Company Group Health Plan (the “Health Plan”)?

Answer. The Health Plan will terminate effective April 30, 2009. Please note that your coverage under the Health Plan ended on the date of your termination of employment, unless you elected continuation coverage under COBRA.

Question 2. Will my COBRA continuation coverage for medical, dental and vision be available after April 30, 2009?

Answer. No. When the Health Plan terminates on April 30, 2009, your COBRA continuation coverage will terminate as well.

Question 3. What happens to expenses I have incurred prior to the termination of the Health Plan on April 30, 2009?

Answer. Eligible expenses incurred on or before April 30, 2009 will be eligible for reimbursement under the Health Plan, provided that claims are submitted not later than required deadlines.

Question 4. What about expenses incurred for medical, dental or vision care after April 30, 2009?

Answer. These expenses will not be eligible for payment or reimbursement by the Health Plan.

Question 5. What if I have begun a course of treatment before April 30, 2009 but some of the treatment and/or medical expense are incurred after April 30, 2009?

Answer. Any expenses incurred after April 30, 2009 will not be eligible for payment or reimbursement by the Health Plan.

Question 6. How can I get other medical coverage?

Answer. Each person’s situation will likely be different. Some of you might be able to have a special open enrollment in your spouse’s employer’s plan. Some of you might be able to

purchase individual private health care insurance. You should also consider contacting your state insurance agency to determine what additional options may exist.

Question 7. Is the Employee Assistance Program still available?

Answer. Currently, yes. Employees and their families may contact Optum Care24 at 800.884.8450 while employed and for up to three months following termination for confidential advice and resources associated with the following:

- Illness, injuries or chronic conditions;
- Self-care and stress management techniques;
- Coping with emotional distress;
- Relationship and family matters; or
- Personal legal or financial concerns

Please note, however, that Stanford reserves the right to terminate the Employee Assistance Program at any time.

Question 8. What is a HIPAA Certificate of Creditable Coverage?

Answer. A HIPAA Certificate of Creditable Coverage is provided to all covered employees and dependents who lose medical insurance coverage. CIGNA typically sends this notice to employees' homes approximately three to four weeks after coverage terminates. You should retain this document for use with your next insurer. Keep in mind that if you have had medical coverage for at least 12 months with no break of greater than 63 days, your new insurer must accept your HIPAA Certificate of Creditable Coverage to satisfy any pre-existing condition exclusion.

Flexible Spending Accounts

Question 9. What is the status of the Flexible Spending Accounts Plan (the "Flex Plan")?

Answer. The Flex Plan (including all flexible spending accounts) will terminate on April 30, 2009.

Question 10. How long do I have to use to the amounts in my flexible spending accounts?

Answer. Your Flex Plan coverage ended on your date of termination. The Flex Plan permits participants to continue to incur eligible expenses up to the earlier of (1) the participant's termination date or (2) April 30, 2009 (the date on which the Flex Plan terminates).

Question 11. Will the PayFlex Debit Cards continue to be available after February 17, 2009?

Answer. No. The PayFlex Debit Cards were cancelled on February 18, 2009.

Question 12. My PayFlex Debit Card was refused so I had to pay for my co-pay. How do I file for claims reimbursement?

Answer. Log-on to www.mypayflex.com to submit your claims and upload your scanned receipts. You may also contact PayFlex at 402.345.0666.

Question 13. Where do I file my claims for 2008 flexible spending accounts?

Answer. Health Care and Dependent Care claims from 2008 must be filed with FlexCorp by April 30, 2009. You may log-on to <https://www.flexcorp125.com/accountaccess> or call FlexCorp directly at 800.856.1816 or 713.939.5858.

Question 14. Are any of my 2009 claims eligible to be reimbursed with funds from my 2008 flexible spending accounts?

Answer. Yes. You may file claims incurred by March 15, 2009, with FlexCorp for reimbursement with any remaining 2008 health care dollars. These claims must be submitted by April 30, 2009.

Question 15. How do I file claims through PayFlex for my 2009 flexible spending accounts?

Answer. Log-on to www.mypayflex.com to submit your claims and upload your scanned receipts. You may also contact PayFlex at 402.345.0666.

Question 16. How long do I have to file claims through PayFlex for my 2009 flexible spending accounts?

Answer. The deadline for submitting claims to PayFlex for reimbursement under the Flex Plan is the earlier of (a) 90 days following the termination of your employment or (b) July 31, 2009.

Question 17. What will happen to any unused amounts in my 2009 flexible spending accounts?

Answer. Any amounts that are not used to pay eligible expenses incurred on or before April 30, 2009 will be forfeited.

Disability Insurance

Question 18. What is the status of the Long-Term Disability Plan (the “LTD Plan”) and the short-term disability leave policies?

Answer. The LTD Plan and the short-term disability leave policies were terminated effective March 31, 2009.

Question 19. I have been approved for Long-Term Disability (“LTD”). Will I continue to be paid by CIGNA or Guardian even if Stanford does not remain in business?

Answer. If you were approved for LTD and remain disabled according to the terms of the LTD plan, you will continue to be paid by CIGNA or Guardian for the maximum period in effect at

the time your LTD status was approved. Any long-term changes affecting Stanford and its LTD Plan will not impact your LTD payments.

Question 20. What is the status of the LTD Plan for claimants who have not been approved for LTD coverage at this time?

Answer. The LTD Plan terminated on March 31, 2009.

Question 21. I am on LTD and have a Waiver of Premium for the supplemental life insurance premiums. Will this continue if there is no successor company?

Answer. If you were approved for a Waiver of Premium for supplemental life insurance premiums, this waiver will continue even if Stanford's contracts/plans are cancelled, as long as you continue to meet the LTD requirements.

Life & Accidental Death & Dismemberment (“AD&D”) Insurance

Question 22. What is the status of the AD&D and Life Insurance Plans?

Answer. The AD&D and Life Insurance Plans terminated on March 31, 2009.

401(K) Plan

Question 23. What is the status of the 401(k) Plan?

Answer. The 401(k) Plan still continues to operate as described in your summary plan description, except that matching contributions terminated on March 31, 2009.

Question 24. Are my 401(k) funds safe?

Answer. Your 401(k) funds are held in a Trust by the Charles Schwab Trust Company, and The Newport Group is the recordkeeper of the plan. Newport is available to answer your questions at 888.401.5488 or 704.944.7400 or you may view your account at www.plandestination.com. Your funds remain subject to gains and/or losses based on your investment elections.

Question 25. What happens to 401(k) Plan loans when an employee is terminated?

Answer. After your employment is terminated, you will have until the end of the quarter after the quarter of termination to pay your loan in full or the loan will be in default. For example, if your employment terminated with Stanford on March 6, your loan(s) must be paid by June 30 or your loans will be defaulted. If you request a rollover or distribution prior to this time, then your loan(s) will be in default at the time of your distribution request. Remember that if you default on a loan, then you will be required to pay the 20% federal income tax withholding and 10% penalty (if under age 59-1/2), plus any applicable state income tax whenever you file your income tax return(s) for the year of the default.

Question 26. Where do I obtain the 401(k) Distribution Request Form to roll over my funds or take a distribution?

Answer. You may obtain the 401(k) Distribution Form by contacting Newport at 888.401.5488 or 704.944.7400 or you may log-in to your account at www.plandestination.com and select Library and then Forms.

Miscellaneous

Question 27. The Receiver announced on March 6, 2009 that terminated employees would not receive any severance or bonus payments. What if I had a contract with Stanford entitling me to severance or bonus payments?

Answer. No payments will be made in respect of such claims at this time. If you believe you are owed any such amount, you may file a notification of your claim with the Receiver using the procedures for filing claims against the Receivership Estate that are posted on this website under the tab "Claims and Account Review." That claim will be addressed by the Receiver and the Court at a later date.

Question 28. I have filed for a Leave of Absence, but it is not scheduled to begin yet. What happens now?

Answer. No Leaves of Absence are being honored or approved.