

<RPCI logo>

October 15, 2010

FIRST MIDDLE LAST
ADDRESS
CITY, STATE ZIP
[Name and Address of Medical Resident]

Re: Roswell Park Cancer Institute Medical Resident FICA Refund Claims

Dear Sir or Madam,

Roswell Park Cancer Institute ("RPCI") filed claims for refund of social security and Medicare taxes paid on wages earned for services performed by qualifying interns, residents or fellows for the periods between **January 1, 2000 and March 31, 2005**. These taxes are Federal Insurance Contributions Act (FICA) taxes and the claims are referred to as Medical Resident FICA Refund Claims (or MR claims).

On March 2, 2010, the IRS announced it would honor our MR claims. After we perfect our MR claim(s), the IRS will verify the amount of the MR claim(s) and begin issuing refunds plus statutory interest. In order to receive a refund of the FICA taxes that were withheld and paid on your behalf, we need your written consent. If you chose not to have RPCI 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 individual claims for refund with the IRS for these years has expired.

If you consent, RPCI will pay you your FICA tax refund, plus statutory interest, after we receive the refund from the IRS. This FICA tax refund will not be taxable to you; however, the interest on the refund is taxable to you (whether or not you receive a Form 1099-INT, Interest Income). RPCI 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, RPCI will file Form W-2c *Corrected Wage and Tax Statement* with the 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 qualifying intern, resident or fellow. Social security benefits are based on your earnings over your working lifetime. Accordingly, based on your personal circumstances, a refund could affect your 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 effect 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>.

PricewaterhouseCoopers LLP is assisting us with completing the consent process. To consent to receive your share of the refund from RPCI, you must complete the enclosed Roswell Park Cancer Institute Employee Consent Form. Please return your completed form to PricewaterhouseCoopers in the enclosed envelope, via facsimile or attached to an email. Facsimile number and email address are located at the bottom of the consent form. Your consent form must be postmarked, emailed or faxed no later than **November 30, 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 MR claim for the year(s) that you received a refund or credit or have a pending refund claim. If you filed a refund claim and it was rejected by the IRS, we can still file for your refund as part of this process.

If you consent to be part of RPCI's MR 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 for any reason you are deemed ineligible to participate in the MR Claim process you will be notified of the IRS's determination.

For each year you were a qualifying intern, resident or fellow at RPCI, please check the appropriate box(es) on the attached consent form.

If you have any questions about this letter, please email rpci_mrfica@us.pwc.com.

Roswell Park Cancer Institute Employee Consent Form

Social Security Number: _____

Employee Name: _____
Last, first and middle initial

Prior name: _____
If you changed your name because of marriage, divorce, etc., enter the name used when you were a qualifying intern, resident or fellow.

Address: _____
Number and street or P.O. box number | Apt. No

_____ | _____ | _____
City, town or post office | State | Zip Code

Note: If foreign address, enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Please do not abbreviate the country name.

Email: _____ Phone Number: _____

For each year shown below, check "Yes" if you authorize Roswell Park Cancer Institute ("RPCI") to collect the refund on your behalf, or "No" if you do not authorize RPCI to collect the refund on your behalf, or you are not eligible for a refund.

2000	<input type="checkbox"/> Yes	<input type="checkbox"/> No	2003	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2001	<input type="checkbox"/> Yes	<input type="checkbox"/> No	2004	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2002	<input type="checkbox"/> Yes	<input type="checkbox"/> No	1st Quarter of 2005	<input type="checkbox"/> Yes	<input type="checkbox"/> No

For each year I checked "Yes" above:

- I have not claimed and will not claim a refund or credit from the IRS for any over collected FICA taxes from wages paid for services performed as a qualifying intern, resident or fellow, or if I have, the claim was rejected.
 - I did not receive a FICA tax refund or credit because of earnings in excess of the social security wage base on my Federal income tax return (e.g., Form 1040).
 - I understand that my Social Security earnings record will be corrected to reflect zero wages earned as a qualifying intern, resident or fellow for tax periods for which I received a refund. I understand that removing these wages could affect my eligibility to or the amount of future Social Security benefits.
 - I give my consent to RPCI to file a Medical Resident FICA Refund Claim on my behalf for refunds of FICA taxes that RPCI withheld from my wages for services I performed as a qualifying intern, resident or fellow.
-

SIGN HERE ►

| Date: _____

Return your signed consent form (postmarked, faxed or emailed no later than **November 30, 2010** to:

Mail: PricewaterhouseCoopers LLP, Attn: RPCI MR FICA Refund, Two Commerce Square, Suite 1700, 2001 Market Street, Philadelphia, PA 19103-7091. (A self-addressed, stamped envelope is enclosed for your convenience.), or

Fax: "RPCI MR FICA Refund" at (813) 329-9720, or

Email: rpci_mrfica@us.pwc.com

Please keep a signed copy of the consent form for your records.

Frequently Asked Questions Regarding Medical Resident FICA Tax Refunds

□ **What does the IRS Announcement mean to me?**

On March 2, 2010, the IRS announced that it had made an administrative determination to accept the position that qualifying interns, residents or fellows are excepted from FICA taxes based on the student exception for tax periods ending before April 1, 2005, when new IRS regulations went into effect. This announcement means that the IRS should provide a refund of the FICA taxes for individual qualifying interns, residents or fellows and institutions that timely filed refund claims for certain tax periods ending before April 1, 2005.

The IRS has contacted Roswell Park Cancer Institute ("RPCI") regarding the FICA tax refund claims we filed for the tax periods beginning January 1, 2000 through March 31, 2005. RPCI is in the process of responding to an IRS letter dated May 25, 2010 that outlines the procedures required to be completed prior to obtaining any refund. RPCI is in the process of preparing the information necessary to respond to this letter in a timely manner and will be posting updates periodically on this webpage regarding the FICA tax refund process.

The IRS Announcement appears on the IRS website at:
<http://www.irs.gov/charities/article/0,,id=219548,00.html>

□ **As a qualifying intern, resident or fellow, am I eligible for a FICA tax refund pursuant to the claims filed by RPCI?**

Qualifying interns, residents or fellows employed by RPCI should be eligible for a FICA tax refund pursuant to the FICA tax refund claims RPCI timely filed for periods beginning January 1, 2000 through March 31, 2005. However, in order to obtain your share of FICA tax, you must consent to allow RPCI to obtain your share of refundable FICA taxes. Further guidance and information on the consent process will be provided in the near future. RPCI will be contacting qualifying interns, residents or fellows by mail in order to obtain such consents and posting a standard consent form on this webpage.

□ **As a qualifying intern, resident or fellow, for what time periods am I entitled to a FICA tax refund under the claims filed by RPCI?**

Potential eligibility to be covered under refund claims filed by RPCI is limited to those individuals who were qualifying interns, residents or fellows during the periods from January 1, 2000 through March 31, 2005.

□ **Is there a cost to me for consenting to having RPCI obtain my share of FICA taxes paid with respect to my residency?**

If you consent to have RPCI obtain your refundable share of FICA taxes on your behalf, there is no cost to you.

Frequently Asked Questions Regarding Medical Resident FICA Tax Refunds

❑ **Can I still apply for a FICA tax refund for tax periods prior to April 1, 2005?**

Unless you previously timely filed an individual FICA tax refund claim on your own, the statute of limitations has expired for FICA tax refunds for tax periods prior to April 1, 2005. Because RPCI has filed claims during those years on your behalf, however, we can still obtain your share of refundable FICA taxes pursuant to the timely filed refund claims filed by RPCI for the period from January 1, 2000 through March 31, 2005 with your consent. RPCI will be contacting qualifying interns, residents or fellows by mail in order to obtain such consents and posting a standard consent form on this webpage.

You should consult your tax professional if you have further questions regarding this issue.

❑ **What was the basis for these qualifying intern, resident or fellow FICA tax refund claims?**

The qualifying intern, resident or fellow FICA tax refund claims stem from a decision of the U.S. Court of Appeals for the Eighth Circuit in 1998 in *State of Minnesota v. Apfel* which held that stipends paid to University of Minnesota medical residents in 1995-96 were not subject to FICA tax as a result of the student FICA exception. Since the decision of the Eighth Circuit in 1998, other U.S. Courts of Appeals have rendered decisions regarding qualifying interns', residents' or fellows' eligibility for the student FICA exception and all have held that interns, residents or fellows are or could be eligible for the student FICA exception. Based on this extensive litigation, which has generally been decided in the favor of institutions employing qualifying interns, residents or fellows, the IRS finally conceded in its Announcement (IR 2010-25) on March 2, 2010 that it would accept the position that qualifying interns, residents or fellows qualified for the student FICA exception for periods prior to April 1, 2005.

❑ **Will FICA taxes be withheld from my paycheck going forward?**

Yes. The IRS has not accepted the position that qualifying interns, residents or fellows are excepted from FICA taxes based on the student exception for tax periods ending after April 1, 2005.

In response to the litigation regarding the eligibility of qualifying interns, residents or fellows to qualify for the student FICA exception, the IRS amended its regulations in 2004 (effective April 1, 2005) so that qualifying interns, residents or fellows could not qualify for the student FICA exception - based on the application of the "full-time employee" limitation. On June 12, 2009, the U.S. Court of Appeals for the Eighth Circuit, in *Mayo Foundation for Medical Education and Research v. United States*, upheld the "full-time employee" limitation in the final amended regulations effective April 1, 2005 under the student FICA exception. Based on the application of the "full-time employee limitation," interns, residents or fellows are generally unable to qualify for the student FICA exception. This issue is still being litigated. Most recently, on June 1, 2010, the U.S.

Frequently Asked Questions Regarding Medical Resident FICA Tax Refunds

Supreme Court decided that it would review the issue of whether the "full-time employee" limitation is valid.

Accordingly, FICA taxes will continue to be withheld from any residency, internship and/or fellowship earnings. Further questions about FICA withholding on future earnings should be directed to the administrator of your residency, internship and/or fellowship program.

❑ **Who should I contact with any questions?**

If you have any questions, you may email rpci_mrfica@us.pwc.com. Include your name, telephone number, and years of residency or fellowship in your email message. Your inquiry will be answered by email as soon as possible. We will also update information on this webpage, including these frequently asked questions, with any additional information as the refund claim process progresses.

❑ **What should I do if I move while the refund process is still ongoing?**

It is anticipated that the refund process will take at least several months. As a result, if your mailing address changes, please provide any new mailing address information to: rpci_mrfica@us.pwc.com.

❑ **Once the IRS provides the FICA tax refund, when can I expect to receive my share of any refund?**

Once the claims process is completed, the IRS will send the aggregate refund to RPCI. The amount refunded to RPCI will only include the employee share of FICA taxes for those qualifying interns, residents or fellows who consented to RPCI's refund claim. Although we do not know how long it will take for the IRS to administer the refund claim, once RPCI's claim is allowed, we will send those qualifying interns, residents or fellows who consented to RPCI's refund claim a check for their share of the FICA tax refund in a timely manner.

❑ **If I do receive a FICA tax refund, do I need to pay taxes on it?**

Should you receive a FICA tax refund, the refund is not subject to federal income tax.

However, the IRS intends to pay interest on your share of the FICA tax that is refunded. The interest paid by the IRS on your share of the FICA tax refund is subject to tax in the year it is received. You will be provided a 1099-INT if more than \$600 in interest is paid in the calendar year. You should contact your tax professional for more information on this subject and to discuss your specific tax situation.

❑ **If I do receive a FICA tax refund, how does this affect my eligibility for and calculation of social security benefits?**

Frequently Asked Questions Regarding Medical Resident FICA Tax Refunds

Your eligibility for and calculation of social security benefits (either current or future) may be affected in the event of a refund, depending on your personal circumstances. If you consent to the refund claim, you will be issued a Form W-2c which will reflect a reduction in your earnings for social security benefits purposes. Whether social security benefits that you are receiving currently or in the future are impacted by a reduction of wage credits as a result of the refund will depend on your particular facts and circumstances. You should contact your local Social Security Administration office with any questions regarding your particular situation.