



ULA Retirement Benefits

PENSION TRANSITION OVERVIEW

➤ What is a pension plan transition?

- It is a process that transfers the liability for your benefit from the Hourly Pension Plan to an insurance company. Employees will also have the option to take a cash payment in the form of a lump sum.
- ULA must **fully fund** your plan benefits as part of the pension plan transition.
- You will not lose any benefits, they will be provided through either a lump sum option, immediate pension payment option (like today, but through an insurance company), or a deferred pension payment option (like today, but through an insurance company).
- If you elect the deferred pension payment option, all of the features that are currently in the plan will be included with the insurance company.
- ULA is required to follow a plan termination process, as required by the IRS and Pension Benefit Guaranty Corporation (PBGC).
- ULA will also request that the IRS make a determination on the Plan's status as a qualified pension plan as part of the transition.

➤ Who is impacted by the pension plan transition?

- All Plan participants, beneficiaries, and alternate payees of the ULA Hourly Pension Plan will be affected.

➤ How will my benefits be impacted by the pension plan transition?

- Active employees: transitioning the pension will provide you an opportunity to take your benefit while you are still employed. The transition does not affect the current value of the retirement benefits that you have earned.
- Retirees, beneficiaries, or alternate payees who are currently receiving pension benefit payments: there is no change to the amount of the monthly annuity payments you are receiving now. You will continue to receive your monthly payments without interruption. ULA will select an insurance company who will take over paying your monthly benefit.
- Inactive participants including beneficiaries and alternate payees who have not started receiving their benefit: the pension transition does not affect the pension benefit you have earned. You will be given the opportunity to start your pension benefit immediately, even if you are not currently eligible to start your benefit.
- No one will lose the current value of pension benefits they have earned.



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➤ Are there options on how ULA will pay out the benefits for active employees?

Choice 1 – Take Your Benefit in a One-Time Lump Sum Payment

Your entire Plan benefit will be distributed to you in one single-sum. No additional payments will be made to you in the future. If you are currently employed by ULA, this choice is only available as part of the pension transition and is not available before or after the transition date. With this choice, you will have the option to –

- “Roll over” some or all of the lump sum payment directly into the ULA 401(k) Savings Plan, an Individual Retirement Account (IRA), a Roth IRA, or another qualified plan, and
- Receive a cash payment of the amount that is not rolled over, if any.

If you are married, your spouse must consent to your election of a lump sum payment unless the amount is \$5,000 or less or you are the beneficiary of a participant. Any taxable lump sum payment that is not rolled over (or is rolled over to a Roth IRA) will be taxable and subject to ordinary taxation and mandatory withholding.

Choice 2 – Begin Monthly Pension Payments

You will begin to receive your benefit as a monthly payment starting as of the distribution date. With this choice, you will be able to select from monthly payment options which will be provided to you when you make your election. ULA will transfer your benefit to an insurance company who will become responsible for your monthly benefit payment. Any monthly annuity payment you receive will be subject to ordinary taxation and withholding.

Choice 3 – Wait to Take Your Pension Benefit at a Later Date

You do not have to take your pension benefit immediately as part of the pension transition (unless the value of your benefit is \$5,000 or less). You can elect to start your pension benefit at a later date, like when you turn 65. If you elect this choice or fail to make any distribution election, ULA will purchase an annuity contract from an insurance company on your behalf.

The annuity contract will continue to allow you to earn Vesting Service and Aggregate Benefit Service in the same manner that the Hourly Plan does today. This will allow you to continue to earn service towards being eligible for early retirement and any supplements that are payable under the existing plan.

Once you have terminated employment from ULA, you will need to contact the insurance company to begin payment of your benefit. At that time, you will be able to choose from all of the payment options that are currently payable under the Plan, including any supplements that are payable under the Plan, if you are eligible. **However, you will not be able to choose the lump sum option; that is option is only available at the time the pension plan transitions to the insurance company.**



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Is my annuity through the insurance company secure like it is today with the Pension Benefit Guaranty Corporation?

There are protections offered by State Guaranty Associations, and they are different than the Pension Benefit Guaranty Corporation (PBGC). Insurance companies are regulated by the states—companies must be licensed in each state in which they do business, and state insurance departments monitor their financial stability. The states also oversee the guaranty association safety net—each state, along with the District of Columbia and Puerto Rico, has a life and health insurance guaranty association to protect its residents if an insurance company fails. All companies (with limited exceptions) licensed to do business in the state are required to be members of the guaranty association (in other words, a company that does business in 25 states would be a member of 25 guaranty associations).

ULA is using an independent fiduciary to help select an insurance company with a strong financial track record. We encourage you to visit <http://www.nolhga.com/policyholderinfo/main.cfm> if you'd like to learn more about what protections are in place for life and health companies.

List of potential insurers ULA is soliciting bids for providing annuities:

American General Life Insurance Company
American United Life Insurance Company
Athene Annuity & Life Assurance Company
Banner Life Insurance Company
Companion Life Insurance Company
CMFG Life Insurance Company
Massachusetts Mutual Life Insurance Company
Metropolitan Life Insurance Company
Minnesota Life Insurance Company
Mutual of America Life Insurance Company
New York Life Insurance Company
Pacific Life Insurance Company
Principal Life Insurance Company
Prudential Insurance Company of America
Securian Life Insurance Company
United of Omaha Life Insurance Company
United States Life Insurance Company in the City of New York
Western-Southern Life Assurance Company