

# **RETIREMENT INCOME PLAN**

**Revised: January 1, 2009**

**Summary Plan Description**

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# Section 1. Introduction

How well you prepare for retirement is really up to you. Financial considerations will play a big part in your retirement decisions. The Sandia Corporation Retirement Income Plan (RIP) provides a source of continuing income during retirement for covered employees. This pension supplements your income from savings, such as your account balance in the Savings and Income Plan, and Social Security.

This Summary Plan Description (SPD) explains how to determine if you will be eligible for a pension when you retire or terminate your employment. Under certain circumstances, reduced pension benefits can be continued to your spouse or a contingent annuitant, following your death.

Currently, employees who retire with a service or disability pension are eligible for certain health care and life insurance benefits provided by Sandia. These retiree benefits, which are explained in separate SPDs, are not provided to employees who leave Sandia and qualify for only a deferred vested pension.

This SPD is a summary of the Sandia Corporation Retirement Income Plan as of January 1, 2009. The pension benefits described in this SPD apply to eligible employees who retire or terminate on or after this date. More detailed information is contained in the official Retirement Income Plan documents, which govern the operation of this plan. Please read this SPD carefully and share it with your family.

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**IMPORTANT:** The Retirement Income Plan (RIP) is maintained at the discretion of Sandia and is not intended to create a contract of employment and does not change the at-will employment relationship between you and Sandia. The Sandia Board of Directors (or its designated representative) reserves the right to amend (in writing) any or all provisions of the Retirement Income Plan for employees, and to terminate (in writing) the Retirement Income Plan for employees at any time without prior notice.

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## **Section 2. Highlights**

This section contains a brief description of Plan changes that have been implemented since the previous Retirement Income Plan Summary Plan Description.

### **Summary of Plan Changes**

- Future participation in the Plan was closed to employees hired or rehired on or after January 1, 2009.
- The option to delay the start of pension payments was added January 1, 2008. However, retiree medical and life insurance benefits otherwise provided to employees retiring with a Service Pension will not be in effect during the period between the participant's termination of employment and the start of the participant's pension.
- Disability pension benefits were generally removed for employees retiring on or after January 1, 2009.

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## **Section 3. Who is Eligible to Participate**

### **Eligible Employees**

You are eligible to participate in the Plan if you were employed by Sandia on December 31, 2008 as a:

- Regular, non-represented employee;
- Post-doctoral appointee; or
- Non-represented limited term employee.

You are not eligible to earn future benefits from the Plan if you are hired by Sandia after December 31, 2008. If you previously participated in the Plan and are rehired by Sandia after December 31, 2008, you will not be eligible to earn additional Credited Service or eligible pension earnings during your period of re-employment. However, the Plan provides that individuals described below who satisfy certain requirements will not be treated as rehired employees. If your circumstances are described below, please contact your Sandia Benefits representative to determine whether you are eligible to earn future benefits under the Plan, and what service counting rules apply to you.

You are not considered a rehired employee if you:

- Were required to terminate from Sandia before January 1, 2009 to take temporary employment with the U.S. government that otherwise would have qualified for an approved Special Leave of Absence or Intergovernmental Personnel Assignment and you return to Sandia from your temporary employment at the conclusion of that government employment.
- Return to Sandia from a Leave of Absence (LOA) or Intergovernmental Personnel Assignment (IPA) at the conclusion of the LOA or IPA;
- Return to Sandia from qualified military service within the time required by applicable law;
- Were employed in a non-regular job not eligible to participate in the Plan on December 31, 2008 and later convert to an eligible job classification within 30 days; or
- Transfer to Sandia from a Parent Organization and assets are transferred to the Plan on your behalf from a Parent Organization defined benefit pension plan.

### **Effective Date of Participation**

Eligible employees automatically become plan participants upon the later of the date they turn 21 and complete one Year of Service.

Employees hired after December 31, 2008 are not eligible to participate in the Plan.

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## Section 4. Service and Bridging Rules

Your service with Sandia (and an Affiliated Company) may be accounted for separately for various purposes.

### Eligibility

*Plan Service* is used to determine your eligibility for a Service (or Disability) Pension. Plan Service consists of your current period of continuous Sandia employment as an eligible employee plus the following adjustments:

- The first 30 days of an unpaid absence or approved Leave of Absence (LOA) if you return to Sandia immediately at the end of the absence or leave. Only one 30 day period will be credited within a single fiscal year.
- The entire period of a Special Leave of Absence (for reasons such as service with another DOE contractor, service with a college or university, tribal government appointment, or an assignment with the government other than military service), if you return to Sandia immediately at the end of the leave.
- Qualified military service during a leave from Sandia, as required by law.
- Up to 6 months of unpaid absence from a temporary layoff, due to a reduction in force if you are re-hired in an eligible job classification within 4 years of the layoff.
- Approved corrective action time off without pay due to a suspension, cancellation or revocation of a security clearance if you again become an eligible employee.
- Prior continuous Sandia service in an ineligible job classification (such as student intern) if you convert from that ineligible job to an eligible job classification within 30 days.
- Prior continuous service with an Affiliated Company other than Sandia if you convert to an eligible Sandia job classification within 30 days.

These rules apply to Plan Service after January 1, 2008.

### Benefit Calculation

*Credited Service* is used to calculate the amount of your pension benefit. It is based on your Plan Service less the following adjustments:

- Periods for which you were eligible to contribute to the Plan before July 1, 1975 and:
  - Elected not to make contributions, or
  - Elected to withdraw and not repay your contributions if you terminated and were later rehired.

- Prorated service for periods of part-time employment. The proration of service will be based on your scheduled hours of work in relation to a full-time employee.
- Periods of service with a Parent Organization that are not accompanied by a transfer of assets from the Parent Organization's tax qualified pension plan.

Employees hired or rehired after December 31, 2008 will not earn Credited Service.

## Vesting

*Vesting Service* determines your eligibility for a deferred vested pension. Your pension benefit will become vested, or nonforfeitable, after you have completed five years of vesting service. Beginning with the year of your 18<sup>th</sup> birthday, a year of vesting service is a calendar year in which you are credited with 1,000 hours of service with an Affiliated Company.

Full-time employees are credited with 45 hours of vesting service for each week they are paid for one or more hours. Part-time employees, or employees who are employed for no more than three consecutive weeks and for no more than a total of 30 days in a calendar year, are credited with 10 hours of vesting service for each day in which they are paid for one or more hours.

## Bridging Rules

If you terminate your employment with Sandia and are later rehired, your prior Plan Service cannot be included with your service after the break in service until it is bridged. Employees rehired on or after January 1, 2009 are not eligible for future benefit accruals and consequently, cannot bridge their prior Credited Service.

If you terminate and incur a One Year Break in Service, your Plan Service after the break will not be taken into account under the Plan until you have completed one Year of Service after your re-employment date. Upon completion of one Year of Service after your re-employment date, your Plan Service before the break in service will be aggregated with your Plan Service earned after the date you were rehired by Sandia.

If you terminate employment before you are vested and incur 5 or more consecutive one year breaks in service, your prior Plan Service will be disregarded if you are rehired, unless you complete 5 years of Plan Service after your re-employment date.

If you return to work within five years after receiving a lump sum distribution of your pension benefit, you must repay the amount of the lump sum plus interest compounded annually at 120% of the applicable federal mid-term rate (AFR) in order to bridge your previous Plan Service and Credited Service. The repayment must be made by the earlier of:

- Five years after the lump sum was paid; or
- The second anniversary of your reemployment.

If you return to work more than five years after receiving a lump sum distribution, your prior service will not be bridged under any circumstances.

These rules apply to breaks-in-service occurring on or after January 1, 2008. For bridging rules pertaining to a break in-service occurring prior to January 1, 2008, please consult your Sandia Benefits representative.

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## Section 5. When Do Pension Payments Start

### Service Pension

You are eligible to retire with a Service Pension when you meet **both** the following **minimum** age and Plan Service requirements while still employed by Sandia or an Affiliated Company:

Minimum (Age)	Minimum Plan Service
Any age	30 years
50	25 years
55	20 years
60	15 years
65	10 years

Your Plan Service used to determine eligibility for a Service Pension will not be affected by part-time employment.

If you leave Sandia before meeting the requirements for a Service Pension, you may be eligible for a deferred vested pension.

### Deferred Vested Pension

If you leave Sandia with at least 5 years of vesting service and are not eligible for a Service Pension, then you are eligible for a deferred vested pension.

If you leave Sandia and your benefit does not become vested, you will not be entitled to any pension benefits from the plan.

After you leave Sandia, you will receive a statement showing the amount of your deferred vested pension. If you do not receive this statement, contact a Sandia Benefit Representative.

If the present value of your deferred vested pension is \$5,000 or less, your pension will be paid in a lump sum (see [Lump Sum Distributions](#)).

## Pension Commencement Date

If you are eligible for a Service Pension, you may start your pension annuity payments as soon as the day following your termination of employment from Sandia or an Affiliated Company. Alternately, you may delay the start of your pension payments to a later date, but no later than the April 1<sup>st</sup> of the calendar year following the calendar year in which you attain age 70 ½. If you elect to defer the start of your pension payments, the retirement age factor used to calculate your pension benefit will be based on your age when payments commence. However, your benefit will automatically be reduced by the cost of pre-retirement survivor annuity coverage for each full or partial year of coverage between your termination date and the date your pension payments commence (see [Preretirement Survivor Annuity](#)).

If you are eligible for a deferred vested pension, your pension payments may start at age 65 (or when you terminate employment from Sandia or an Affiliated Company, if later). However, you may elect to begin receiving a reduced pension at an earlier date under the following circumstances:

- If your Plan Service is at least 20 years, you may begin receiving payments after you turn age 55; or
- If your Plan Service is at least 25 years, you may begin receiving payments after you turn age 50.

The reduction factors that apply when deferred vested pension payments start before age 65 are illustrated in Appendices D, E, and F.

You will normally receive your first pension check within 45 days after your pension commencement date.

## Application for Pension

If you are eligible to retire with a Service Pension, you may apply within 180 days before your payments start. You should notify Sandia's Benefits Department as soon as possible of your intention to retire. Please visit the Retirement 101 website at <http://www-irn.sandia.gov/retire> for more information.

Except as provided below, pensions are not paid automatically. You must apply in writing to the Sandia Benefits Department in advance of the date you would like your payments to commence.

## **Employees Age 70½**

When you reach age 70½ and are vested in the pension plan, you will begin receiving pension payments even though you are still employed. Payments begin on the April 1st following the calendar year in which you attain age 70½. If you continue to remain employed by Sandia, your pension will be recalculated each December 31st to determine the minimum required payments for the next year.

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## Section 6. How is My Pension Calculated

### Pension Benefit Formula

Your pension benefit will be determined using the following formula:

*High-3 final average pay* x a *Retirement Age Factor* x *Credited Service*

Your *High-3 final average pay* is calculated by taking the sum of your eligible pension earnings for the 36 consecutive full calendar months within the most recent 10 years that produce the highest result, and dividing by three.

For purposes of this benefit formula, your eligible pension earnings include your base salary or wage plus non-permanent cash compensation awards, including Individual Performance Awards, Sandia Awards for Excellence, Special Recognition Awards, promotion and appointment awards, sign on bonuses, and incentive compensation awards under the Lockheed Martin Corporation Management Incentive Compensation Plan and the Lockheed Martin Deferred Management Incentive Compensation Plan. The sum of your eligible earnings recognized by the Plan for any calendar year may not exceed annual pay limits established by the Internal Revenue Code. The 2009 eligible pay limit is \$245,000.

Credited Service will be limited to 50 years.

Your *Retirement Age Factor* will be determined by your age, stated in terms of years and fully completed months since your last birthday, on the date your pension payments commence. The factors are illustrated in the following table, Retirement Age Factors:

Retirement Age Factors												
Complete months since last birthday												
Age in Years	0	1	2	3	4	5	6	7	8	9	10	11
up to 50	1.04%											
50	1.04%	1.05%	1.05%	1.06%	1.07%	1.07%	1.08%	1.09%	1.09%	1.10%	1.11%	1.11%
51	1.12%	1.13%	1.13%	1.14%	1.15%	1.15%	1.16%	1.17%	1.17%	1.18%	1.19%	1.19%
52	1.20%	1.21%	1.21%	1.22%	1.23%	1.23%	1.24%	1.25%	1.25%	1.26%	1.27%	1.27%
53	1.28%	1.29%	1.29%	1.30%	1.31%	1.31%	1.32%	1.33%	1.33%	1.34%	1.35%	1.35%
54	1.36%	1.37%	1.37%	1.38%	1.39%	1.39%	1.40%	1.41%	1.41%	1.42%	1.43%	1.43%
55	1.44%	1.45%	1.45%	1.46%	1.47%	1.47%	1.48%	1.49%	1.49%	1.50%	1.51%	1.51%
56	1.52%	1.53%	1.53%	1.54%	1.55%	1.55%	1.56%	1.57%	1.57%	1.58%	1.59%	1.59%
57	1.60%	1.61%	1.61%	1.62%	1.63%	1.63%	1.64%	1.65%	1.65%	1.66%	1.67%	1.67%
58	1.68%	1.69%	1.69%	1.70%	1.71%	1.71%	1.72%	1.73%	1.73%	1.74%	1.75%	1.75%
59	1.76%	1.77%	1.77%	1.78%	1.79%	1.79%	1.80%	1.81%	1.81%	1.82%	1.83%	1.83%
60	1.84%	1.85%	1.85%	1.86%	1.87%	1.87%	1.88%	1.89%	1.89%	1.90%	1.91%	1.91%
61	1.92%	1.93%	1.93%	1.94%	1.95%	1.95%	1.96%	1.97%	1.97%	1.98%	1.99%	1.99%
62 & up	2.00%											

The Retirement Age Factor used for all those who do not meet the age and service requirements for an immediate Service Pension will be 2.0%, which is the factor that applies at Normal Retirement Age.

**Example:**

Let's assume that an employee with the following personal data retires with a Service Pension on October 1, 2009:

Date of birth:	August 30, 1947
Retirement age	62 years, 1 month
Credited Service	30.33 years
High-3 final average pay	\$70,000

Here's how that employee's benefit will be calculated:

High-3 final average pay	\$	70,000
Multiplied by Credited Service	x	30.33
Multiplied by retirement age factor (for age 62 years, 1 month)	x	.02
Annual Pension	\$	42,462
Monthly Pension	\$	3,538.50

## **Part-Time Employment**

If you have a period of part-time employment, your pension will be less than if you had always worked full-time. This is because your Credited Service for a period of part-time employment is prorated based on your scheduled part-time hours compared to the scheduled hours of a full-time employee. For example, if you are scheduled to work 20 hours per week for one year, you will be credited with one-half year of Credited Service for that period. However, the base salary or wage applied to the benefit formula for periods of part-time employment is based on your **annualized** rate of pay for those periods.

## **Absences**

In a case of an unpaid absence, the following rules apply for computing your pension earnings for the period of the absence:

- If you received Credited Service during the period of absence, and the absence occurred during your most recent 10 years of employment, earnings will be included based on the greater of:
  - Your base salary or wage rate at the time you began the unpaid absence; or
  - Eligible compensation you received during the most recent equal period of employment before the absence.
- If you did not receive Credited Service during the unpaid absence and the absence occurred during your most recent 10 years of employment, earnings will be included in the benefit formula based on the eligible compensation you received during the most recent equal period of employment before the absence.

## **Early Retirement Penalties**

If you retire with a Service Pension before age 62 your pension will be permanently reduced. The early retirement penalties are reflected in the retirement age factors assigned to ages below 62.

## **Previous Plan Benefit**

In no event will your pension benefit be less than your benefit determined as of January 1, 2008 under a previous RIP benefit formula.

## **Special Provisions for Employees Who Made Mandatory Contributions to the Plan**

There are special provisions which apply to employees who were employed by Sandia before July 1, 1975, and made mandatory contributions to the Plan (see [Appendix B](#)).

## **Special Provisions for Former Specialty Components Employees**

There are special provisions which apply to former employees of Specialty Components, Incorporated whose pension benefits transferred to Sandia (see [Appendix C](#)).

## **Section 7. Disability Benefits**

### **Disability Pension**

New disability pension benefits were generally removed from the Plan beginning January 1, 2009.

However, you are eligible to retire with a disability pension if you have completed at least 15 years of Plan Service and:

- You received benefits under the Sandia Corporation Sickness Absence Plan during calendar year 2008 for an illness, injury, or condition that later results in a determination of disability by the Employee Benefits Committee;
- The Employee Benefits Committee determines that you are permanently and totally disabled as a result of an illness, injury or condition for which you received Sickness Absence benefits during 2008; and
- You apply to the Employee Benefit Committee for a determination of total and permanent disability before July 1, 2009 and your application is approved.

To be considered totally and permanently disabled, the Committee must determine that:

- You are unable, as a result of the disability, to perform the duties of your assigned job or any other work made available by Sandia appropriate to your education, training, and experience;
- The disability is not the result of involvement in a crime, an intentionally self-inflicted injury, your unreasonable refusal to accept medical treatment, or military service for which you receive a military pension; and
- The disability will be permanent and continuous for the rest of your life.

A disability pension is calculated the same way as a Service Pension. However, if a disability pension begins before age 62, the early retirement reduction does not apply.

A disability pension will be paid as long as your disability prevents you from returning to work at Sandia. Sandia may require a medical examination to verify continued disability status at any time before normal retirement age for employees who have been granted a disability pension.

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## **Section 8. If You Die While Still Employed at Sandia or an Affiliated Company**

### **Vested with Plan Service Less than 15 Years**

If you die after becoming eligible for a deferred vested pension (but before completing at least 15 years of Plan Service or becoming eligible for a Service Pension), your eligible surviving Spouse will receive a lifetime annuity equal to your reduced deferred vested pension amount. To qualify for this annuity, your Spouse must have been married to you for the one year period ending on the date of your death. Your reduced deferred vested pension amount is computed as if you had terminated employment on the date before you died and elected the Joint and 100% Surviving Spouse Annuity at age 65 (subject to a 14% reduction) (see [Joint and 100% Surviving Spouse Annuity](#)).

The Joint and 100% Surviving Spouse annuity will be payable to your Spouse starting with the date you would have turned age 65. However, if the present value of the annuity is \$5,000 or less, your Spouse's pension will be paid in a lump sum (see [Lump Sum Distributions](#)).

### **Plan Service at Least 15 Years or Eligible for a Service Pension**

If you die after completing at least 15 years of Plan Service or becoming eligible for a Service Pension, your surviving Spouse will receive a lifetime annuity equal to your reduced pension benefit. This benefit is computed as if you had retired on the date before you died and elected the Joint and 100% Surviving Spouse Annuity (subject to a 10% reduction). The early retirement reduction does not apply, even if you died before reaching age 62 (see [Joint and 100% Surviving Spouse Annuity](#)).

The survivor annuity will be payable to your Spouse starting on the day after your death. However, if the present value of the annuity is \$5,000 or less, your Spouse's pension will be paid in a lump sum (see [Lump Sum Distributions](#)).

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## Section 9. Payment Options

### Forms of Benefit

#### ***Joint and 100% Surviving Spouse Annuity***

The Joint and 100% Surviving Spouse Annuity option provides a reduced pension to you as long as you are alive. Your monthly service or disability pension amount is reduced by 10% (or 14% for deferred vested pensions) to provide this survivor annuity. Following your death the Spouse to whom you were married when your pension payments commenced will receive a lifetime annuity equal to your reduced pension.

If your Spouse dies before you, the 10% (or 14%) reduction is discontinued starting with the month after your Spouse's death.

#### **Example:**

Let's assume an employee with a gross monthly pension benefit of \$3,538.50 is married when Service Pension payments commence and elects the Joint and 100% Surviving Spouse Annuity. Here is an illustration of that employee's pension benefits:

Gross Monthly Pension	\$3,538.50
10% Reduction for Survivor Annuity	<u>- 353.85</u>
Employee's Monthly Pension	\$3,184.65
Surviving Spouse's Monthly Pension	\$3,184.65

#### ***Joint and 50% Surviving Spouse Annuity***

The Joint and 50% Surviving Spouse Annuity form of payment provides a reduced pension to you as long as you are alive. After your death, benefit payments equal to one half of your reduced pension will continue to the Spouse to whom you were married when pension payments started. Your monthly service or disability pension amount is reduced by 5% (or 10% for deferred vested pensions) to provide this survivor annuity.

If your Spouse dies before you, the 5% (or 10%) reduction is discontinued starting with the month after your Spouse's death.

**Example:**

Let's assume an employee with a gross monthly pension benefit of \$3,538.50 is married when Service Pension payments commence and elects the Joint and 50% Surviving Spouse Annuity. Here is an illustration of that employee's pension benefits:

Gross Monthly Pension	\$3,538.50
5% Reduction for Survivor Annuity	- <u>176.92</u>
Employee's Monthly Pension	\$3,361.58
Surviving Spouse's Monthly Pension	\$1,680.79

***Joint and 50% Contingent Survivor Annuity***

The Joint and 50% Contingent Survivor Annuity option is available to all employees who are eligible for a pension regardless of their marital status. With this form of payment, you may name anyone *other than your Spouse* as a contingent annuitant to receive monthly benefits after your death. Your monthly pension payments are reduced by a factor based on the ages of you and your selected annuitant (see [Appendix G](#) for the factors for service and disability pensions and [Appendix H](#) for the factors for deferred vested pensions). Following your death, your contingent annuitant will receive a lifetime annuity equal to one-half of your reduced pension.

If a distribution is to be made to a minor, the Plan Administrator may direct that part or all of the distribution be paid to the legal guardian, parent, responsible adult or custodian of the minor.

If your contingent annuitant dies before you, the reduction is discontinued starting with the month after his or her death.

**Example:**

Let's assume an employee with a gross monthly pension benefit of \$3,538.50 is not married when Service Pension payments commence and names a son who is 23 years younger as a contingent annuitant. Here's an illustration of that employee's pension benefits:

Gross Monthly Pension	\$3,538.50
9% Reduction for Survivor Annuity from Appendix G	- <u>318.46</u>
Employees Monthly Pension	\$3,220.04
Surviving Annuitant's Monthly Pension	\$1,610.02

## ***Single Life Annuity***

The Single Life Annuity option pays a monthly pension for as long as you live. Upon your death all pension payments stop. There is no reduction for this form of payment.

## **Normal Form of Benefit**

### ***Married Participants***

If you are married when your pension commences, your pension will automatically be reduced to provide a Joint and 100% Surviving Spouse Annuity unless you waive this form of payment and elect an alternate form with the written consent of your Spouse that is either notarized or witnessed by a notary.

No less than 30 and no more than 180 days before your payments commence, Sandia will provide you with a written explanation of the Joint and 100% Surviving Spouse Annuity that also describes the process for waiving this form of payment. You must submit a signed election or waiver of the survivor annuity to the Sandia Benefits Department within the 180 day election period before your payments commence. You have the right to change your mind (with spousal consent) any time during the 180-day election period. However, your election or waiver cannot be changed for any reason after the 180-day election period ends, including a change in your marital status. Payments may commence sooner than 30 days after the written notice of the Joint and 100% Surviving Spouse Annuity is provided to you if you are informed that you have at least 30 days to consider whether to waive the normal form of benefit and you elect a form of distribution with the consent of your spouse (if necessary).

If the Joint and 100% Surviving Spouse Annuity is in effect when your pension payments commence the person to whom you were married on that date remains entitled to the survivor annuity even if you are later separated or divorced. This is true whether either or both of you remarry.

### ***Unmarried Participants***

If you are not married when your pension commences, your normal form of payment is a single life annuity. As an alternative, you may elect the Joint and 50% Contingent Survivor Annuity form of payment.

## **Preretirement Survivor Annuity**

If you are married when you leave Sandia and your pension does not commence the day after you termination from Sandia or an Affiliated Company, your pension will automatically be reduced to provide a Joint and 100% Surviving Spouse annuity unless you waive the survivor annuity with the written, consent of your spouse that is either notarized or witnessed by a notary.

To qualify for this annuity, your spouse must have been married to you for the one year period ending on the date of your death.

In effect, the Preretirement Survivor Annuity coverage protects your spouse's right to a survivor annuity if you die after you terminate your employment with Sandia but before you begin receiving payment of your pension. Upon your death, your surviving spouse is eligible to receive a lifetime annuity equal to your reduced pension computed as if you had elected the Joint and 100% Surviving Spouse Annuity.

You can decline or reelect this coverage at any time after you leave Sandia and before you begin receiving pension payments. However, your spouse must consent anytime you decline the coverage. If you elect this coverage, your pension will be permanently reduced, once you start receiving payments, to pay for the cost of each full or partial calendar year the coverage is in effect.

The amount of the reduction for each year of coverage is based on your age, as follows:

<b>Your Age on January 1 of the Year of Coverage</b>	<b>Reduction for Each Full or Partial Year of Coverage</b>
Less than 45	.30% (.0030)
45 – 54	.40% (.0040)
55 – 59	.70% (.0070)
60 – 64	1.00% (.0100)
65 – 69	1.40% (.0140)
70 - 74	2.20% (.0220)

**Example:**

If you terminate employment at age 59 and begin an annual deferred vested pension of \$6,000 (\$500 per month) at age 65, the cost for Preretirement Survivor Annuity coverage is computed as follows:

Annual Pension at 65	\$ 6,000
Reduced by 1 year (age 59) x .007 x \$6,000	\$ 42
5 years (ages 60 -64) x .010x \$6,000	<u>\$ 300</u>
Total Reduction	\$ 342
Reduced Annual Pension at 65 (\$6,000 - \$342)	\$ 5,658
Reduced Monthly Pension at age 65 (\$5,658/12)	\$ 471.50

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**IMPORTANT:** This example illustrates the reduction in a pension for the cost of pre-retirement survivor annuity coverage. An additional reduction will apply for post-retirement survivor annuity coverage when pension payments commence

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## Lump Sum Distributions

Certain benefits under the Plan will be paid in a single lump sum if the present value of these benefits is \$5,000 or less and pension payments have not begun. The determination of present value is based on actuarial calculations which take into account your age and assumptions regarding interest rates and life expectancy.

The lump sum distribution will be made as soon as administratively practicable after your termination or death. If the present value of your pension benefit is \$1,000 to \$5,000, your benefit will automatically be transferred to an IRA at Prudential Bank and Trust, FSB, unless you elect to receive the distribution or directly roll over the benefit to an eligible retirement plan. If the present value of your benefit is \$1,000 or less, you may elect to roll over the balance to an eligible retirement plan of your choice, or receive a distribution less any applicable tax withholdings.

Once a lump sum distribution has been made, you and/or your spouse have no further entitlement to benefits under the plan.

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## **Section 10. Transfers from the Pension Security Plan**

Your participation in this Plan or the Pension Security Plan is determined by your job classification. Until you complete 365 days of participation in this Plan following a transfer from the Sandia Corporation Pension Security Plan, your pension will be determined under the provisions of the Pension Security Plan as in effect on your transfer date.

Once you complete 365 days of participation in this Plan, your pension will be determined under the provisions of this Plan.

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# **Section 11. Benefit Claim and Appeal Procedures**

## **File a Claim**

A Participant or Beneficiary who has questions or concerns about his or her Plan benefits is encouraged to communicate with the designated delegate of the Employee Benefits Committee regarding those questions or concerns. If the Participant or Beneficiary (“Claimant”) is not satisfied with this communication, the Claimant may make a formal claim for benefits in accordance with the procedures outlined below. A Claimant may not make a formal claim more than three hundred sixty-five (365) days after the date the Claimant has knowledge of all material facts that are the subject of the claim.

A formal claim must be filed, in writing, with the Employee Benefits Committee at PO Box 5800, MS 1463, Albuquerque, NM 87185. The Employee Benefits Committee will give the Claimant written notice of the disposition of a claim within 90 days after the claim has been filed, unless special circumstances require an extension of time for processing, in which case the notice of disposition will be given within 180 days after the application has been filed.

## **If a Claim is Denied**

If a claim is denied in whole or in part, the Employee Benefits Committee will give the Claimant written notification that will include:

- The specific reason for the denial;
- Specific references to pertinent Plan provisions on which the denial is based;
- A description of any additional material or information that needs to be submitted with an explanation of why the material or information is necessary;
- An offer to provide the Claimant, on request, free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim; and
- A description of the Plan’s review procedures and the time limits applicable to the Claimant’s right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

## **Appeal a Denied Claim**

If the Claimant wants to appeal a denied claim, the Claimant must submit an appeal in writing to the Secretary of the Employee Benefits Claim Review Committee, PO Box 5800, MS 1463, Albuquerque, NM 87185. The deadline for submitting any such appeal will be 60 days after the Claimant receives written notification of the denial of the claim, as described above. Within 60 days following receipt of the appeal, the Employee Benefits Claim Review Committee will give the Claimant either (i) a written notice of its decision, or (ii) if special circumstances require an extension of time for review, a notice of a 60-day extension of the review period. The review of the Employee Benefits Claim Review Committee will take into account all comments, documents, records, and other information the Claimant submits, without regard to whether that information was submitted or considered in the initial benefit determination.

If the appeal is denied, the notification will:

- Explain the specific reasons and specific Plan provisions on which the decision is based;
- Include a statement describing any voluntary appeal procedures offered by the Plan and the Claimant's right to obtain information about these procedures;
- Include a statement regarding the Claimant's right to bring a civil action under ERISA 502(a), and
- Offer to provide the Claimant, on request, free of charge, reasonable access to and copies of all documents, records and other information relevant to his or her claim for benefits.

A claim or appeal may be filed by an authorized representative on behalf of a Claimant. The decision by the Employee Benefits Claim Review Committee will be the final and conclusive administrative review proceeding under the Plan. The Claimant is required to pursue all administrative appeals described above as a precondition to challenging the denial of the claim in a lawsuit. The Claimant may not submit a dispute to a court with respect to a denied claim under this Plan more than three hundred sixty-five (365) days after the date the Employee Benefits Claim Review Committee renders its final decision upon appeal.

## **Section 12. Other Important Information**

### **Plan Sponsor**

Sandia Corporation is the Plan Sponsor. Inquiries should be directed to:

**Sandia Corporation**  
**P.O. Box 5800, MS 1302**  
**Albuquerque, NM 87185-1302**  
**(505) 844-1511**

### **Plan Administrator**

The Employee Benefits Committee is the Plan Administrator. Inquiries should be directed to:

**Employee Benefits Committee**  
**P.O. Box 5800, MS 1463**  
**Albuquerque, NM 87185-1463**  
**(505) 284-1800**

### **Agent for Service of Legal Process**

The Sandia Legal Division is the agent for service of legal process. Inquiries should be directed to:

**Sandia Legal Division**  
**Sandia Corporation**  
**1515 Eubank SE, MS0141**  
**Albuquerque, NM 87123**

### **Identification Numbers**

The Employer Identification Number assigned to Sandia by the IRS is 85-0097942. The Plan Identification Number for the Retirement Income Plan is 006.

### **Plan Type**

The Retirement Income Plan is a defined benefit pension plan. Under this type of plan, your benefit is determined using a formula, and contributions are made to the Plan to fund required benefit payments.

## **Funding Arrangement**

The cost of providing benefits for eligible employees hired after July 1, 1975 is paid entirely by Sandia. If you were hired before July 1, 1975, the cost of providing your plan benefits earned before July 1, 1975 is paid partially by employee contributions plus interest and the balance is paid by Sandia. Employee contributions were discontinued on July 1, 1975.

The amount (if any) of the Sandia contribution to the Trust is determined annually by the Plan's enrolled actuary. Plan benefits are paid by Prudential Financial from Trust assets. The Trust assets are held under a contract with Prudential Financial (30 Scranton Office Park, Scranton, PA 18507-1789) and under a trust agreement with The Northern Trust Company (50 South LaSalle Street, Chicago, IL 60675).

## **Plan Year**

The plan year is a calendar year, beginning each January 1 and ending December 31.

## **Payments Under Law**

Pension benefits will not be reduced by pensions or benefits paid under the Social Security Act or due to military service. However, if any other law currently in effect (such as Workers' Compensation) or any law enacted in the future should provide payments like those provided by this Plan, plan benefits will be limited to the amount in excess of those paid under the law.

## **Suspension of Pension during Reemployment or Employment after Age 65**

If you are receiving service, disability or deferred vested pension payments, are younger than age 70 ½, and return to work for Sandia or its Parent Organization, your pension payments will generally be suspended during the period you continue to work. Similarly, if you continue working after your Normal Retirement Age, benefit payments that would otherwise, be paid to you will be suspended for each month of employment. An exception to this rule applies to employees between ages 65 and 70½ who may be employed for up to 40 hours per month by Sandia without suspension of pension payments. Pension payments will be made even though you are employed by Sandia if you have attained age 70½.

## **Loss of Benefits**

You may lose all or part of your vested benefit if:

- Sandia is unable to locate you for 2 years from the date your benefit is required to be paid;
- A Qualified Domestic Relations Order (QDRO) or other assignment of benefit is accepted by Sandia requiring payment of all or a portion of your benefit to an alternate payee (see [Nonassignment of Benefits](#)); and
- The Plan is terminated with insufficient assets to cover liabilities (see [Plan Termination](#)).

## Maximum Limitations

Federal regulations limit the amount of annual compensation that can be recognized by a qualified Plan's benefit formula, and the amount of benefits that can be paid to any individual from a pension Plan's trust fund. These limitations normally affect only the higher-paid employees (or, in some cases, employees retiring at an early age) and are subject to periodic change by the IRS. Any amounts in excess of these limits are paid by the Sandia Corporation 401(a)(17) Restoration Plan or the Sandia Corporation 415 Excess Benefit Plan from company operating funds.

## Top-Heavy Rules

A "top-heavy" plan is a plan which provides more than 60% of its benefits to "key employees". Both "top-heavy" and "key employees" are terms defined in the Internal Revenue Code. Sandia believes it is extremely unlikely that the Plan would become top-heavy. If it should ever become top-heavy, you will be informed and the benefit calculations will be modified as prescribed by law (for example, to provide more rapid vesting).

## Nonassignment of Benefits

You cannot assign or transfer amounts payable under the Plan. Similarly, amounts payable to you under the Plan may not be used to pay debts or obligations of any nature except to comply with properly executed federal tax levies and judgments, settlements or directions to third parties allowed by the Plan and addressed by Internal Revenue Code Section 401(a)(13), and with court-issued Qualified Domestic Relations Orders (QDROs). A QDRO could require the Plan to distribute all or part of a participant's vested benefit to an alternate payee. In order to be honored, Sandia must determine that the domestic relations order meets specified legal standards. You may obtain a written description of the Plan's QDRO procedures at no charge from the QDRO administrator in the Sandia Benefits Department.

## Plan Termination

Sandia's Board of Directors reserves the right to amend any or all provisions of the Plan or terminate the Plan in writing at any time without prior notice.

If the plan is terminated, the accrued benefits of all affected participants and beneficiaries computed as of the date of termination would become vested to the extent that there are sufficient assets in the Trust to cover those benefits. In the case of a partial termination, only a portion of Trust assets would be available to pay benefits to affected participants and beneficiaries.

If there are any remaining assets after providing for the payment of all benefits earned to the date of termination, those remaining assets will be returned to Sandia, to the extent permitted by law.

Your pension benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan terminates without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Many people receive all of the pension benefits they would have received under their Plan, but some people may lose certain benefits.

The PBGC's guarantee generally covers (1) pension benefits at normal retirement age; (2) most early retirement benefits; (3) disability benefits if you become disabled before the plan terminates; and (4) certain benefits for your survivors.

The PBGC's guarantee generally does not cover (1) benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates; (2) some or all of benefit increases and new benefits based on plan provisions that have been in place for fewer than five years at the time the plan terminates; (3) benefits that are not vested because you have not worked long enough for Sandia; (4) benefits for which you have not met all of the age, service or other requirements at the time the plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your plan has and how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your Sandia Benefits representative or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call (202) 326-4000. TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to (202) 326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website at <http://www.pbgc.gov>.

# **ERISA Rights**

## ***Your Rights under ERISA***

The Employee Retirement Income Security Act of 1974 (ERISA) provides that you, as a Plan participant, shall be entitled to certain rights and protections, including:

- Examining, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all documents governing the plan, including insurance contracts, and a copy of the latest annual report (Form 550 series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtaining, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan including insurance contracts, and copies of the latest annual report (Form 5500 series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
- Receiving a summary of the Plan's annual funding status. The Plan Administrator is required by law to furnish each participant with a copy of this annual funding notice.
- Obtaining a statement telling you whether you have a right to receive a pension at Normal Retirement Age and if so, 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 many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan will provide this statement free of charge.

## ***Prudent Actions by Plan Fiduciaries***

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of this Plan. 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 Sandia or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

## ***Enforce Your Rights***

If your claim for a pension benefit is denied or ignored, 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 a copy of plan documents or the latest annual report 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 which is denied or ignored, in whole or in part, you may file suit in a state or Federal court after exhausting the appeals mechanisms provided 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, you may file suit in Federal court.

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 are successful, 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 (for example, if it finds your claim is frivolous).

### ***Assistance with Your Questions***

If you have any questions about this Plan, contact your Benefits representative at Sandia National Laboratories in Albuquerque at 505-844-4237. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest 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, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline for the Employee Benefits Security Administration.

## Appendix A: Definitions

<b>Accumulation</b>	Contributions made to the prior contributory pension plan for service before July 1, 1975, plus credited interest on those contributions.
<b>Affiliated Company</b>	Sandia, and pursuant to Internal Revenue Code Section 414, any corporation within the same controlled group of corporations as Sandia, any company under common control with Sandia, any employer that is a member of an affiliated service group with Sandia, and any employer required to be aggregated with Sandia.
<b>Hour of Service</b>	Each hour for which you are paid or entitled to payment as an employee of Sandia or an Affiliated Company, including paid absences such as vacation, holiday, illness, disability, layoff, military duty, or jury duty.
<b>Marriage</b>	A relationship recognized as a marriage between a man and a woman under applicable federal laws.
<b>Normal Retirement Age</b>	The later of the date you attain age 65 or the 5 <sup>th</sup> anniversary of your Sandia employment date.
<b>One Year Break in Service</b>	Calendar year in which you have not completed at least 500 hours of service with Sandia or an Affiliated Company.
<b>Parent Organization</b>	A company which directly or indirectly owns at least 80% of the Sandia stock, and any member of that company's controlled group other than Sandia.
<b>Plan</b>	Sandia Corporation Retirement Income Plan
<b>Plan Year</b>	A calendar year, beginning each January 1 and ending December 31
<b>Regular Employee</b>	An individual employed directly by Sandia Corporation for an unspecified time period working a full-time or part-time schedule. Limited-term employees, post-doctoral appointees, recurrent employees and student interns are non-regular employees.
<b>Sandia</b>	Sandia Corporation

<b>Spouse</b>	The individual recognized as a participant's lawful husband or wife under applicable federal laws.
<b>Trust</b>	Sandia Corporation Pension Trust
<b>Vesting</b>	An event that causes your Plan benefit to become nonforfeitable.
<b>Year of Service</b>	A year of employment with Sandia or an Affiliated Company, in which you are credited with 1000 hours of service.

# Appendix B: Special Provisions for Employees Who Made Mandatory Contributions to the Plan

## Withdrawal of Accumulation

You may withdraw your accumulation *only* if you terminate your employment with Sandia other than by retirement. If you are eligible for a deferred vested pension and you withdraw your accumulation, you may still be entitled to a pension at age 65. However, your pension will be reduced by the amount of pension your accumulation would have provided according to the rulings of the Internal Revenue Service. As a deferred vested pensioner you are not eligible for certain health care and life insurance benefits provided at Sandia's discretion to retired employees.

Upon your death (and the death of your surviving spouse, if applicable) any excess of your accumulation over the amounts paid as pension or survivor annuity benefits will be paid to your selected beneficiary or to your estate.

## Minimum Death Benefit

Upon your death or the later death of your surviving spouse, (if applicable), any excess of your accumulation over the amounts paid to you and your surviving spouse will be distributed to your selected beneficiary or to your estate. You should update or name a beneficiary for this potential benefit when you retire.

If you had an accumulation in the Plan at retirement, and you were not married when you retired, or you elected a survivor annuity and your spouse died before you, your beneficiary (or estate) will receive the greater of:

- Any excess of your accumulations over the sum of all pension payments made to you; or
- An amount equal to your benefit earned under the contributory plan formula through January 1, 1976.

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## Appendix C: Special Provisions for Former Specialty Components Employees Whose Pension Benefits Transferred To Sandia

<p><b>Pre-1989 Mandatory Contributions</b></p>	<p>If you participated in the Lockheed Martin Specialty Components Pension Plan before 1989, you were required to make contributions to that plan. Interest is credited on those contributions at rates established by that Plan. You may withdraw your pre-1989 contributions plus interest <i>only</i> if you terminate your employment with Sandia other than by retirement. Any such withdrawal will result in a reduction or forfeiture of your accrued benefit.</p>
<p><b>Personal Pension Account (PPA)</b></p>	<p>If you participated in the Lockheed Martin Specialty Components Pension Plan after 1988, you may have made contributions to a Personal Pension Account (PPA). Interest is credited on those contributions at rates established by the Plan.</p>
<p><b>Voluntary Pension Account (VPA)</b></p>	<p>If you participated in the Lockheed Martin Specialty Components Pension Plan after 1988, you may have made contributions to a Voluntary Pension Account (VPA). Interest is credited on those contributions at rates established by the Plan.</p>
<p><b>Payment Options</b></p>	<p>At retirement or termination before retirement, you may elect to”</p> <ul style="list-style-type: none"> <li>• Convert your PPA and VPA account balances to monthly payments starting immediately after your pension commences;</li> <li>• Withdraw all or a portion (minimum \$500) of your PPA and VPA account balances no more than once each calendar year, with the consent of your spouse if you’re married; or</li> <li>• Defer receipt of your PPA and VPA accounts, but not beyond April 1<sup>st</sup> of the year following the calendar year in which you reach age 70½.</li> </ul> <p>Whatever decision you make applies to both your PPA and VPA balances.</p>

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## Appendix D: Early Retirement Factors – Deferred Vested Pensions without Joint and 100% Surviving Spouse Annuity

Factors show the percentage of pension payable based on completed years and months of age at commencement of Deferred Vested Pension.

Completed Years of Age	Completed Months of Age											
	0	1	2	3	4	5	6	7	8	9	10	11
50	.32	.32	.33	.33	.33	.33	.34	.34	.34	.34	.35	.35
51	.35	.35	.35	.36	.36	.36	.36	.36	.36	.37	.37	.37
52	.37	.37	.38	.38	.38	.38	.39	.39	.39	.39	.40	.40
53	.40	.40	.41	.41	.41	.41	.42	.42	.42	.42	.43	.43
54	.43	.43	.44	.44	.44	.44	.45	.45	.45	.45	.46	.46
55	.46	.46	.47	.47	.47	.47	.48	.48	.48	.48	.49	.49
56	.49	.49	.50	.50	.50	.51	.51	.51	.52	.52	.52	.53
57	.53	.53	.54	.54	.54	.55	.55	.55	.56	.56	.56	.57
58	.57	.57	.58	.58	.58	.59	.59	.59	.60	.60	.60	.61
59	.61	.61	.62	.62	.63	.63	.64	.64	.64	.65	.65	.66
60	.66	.67	.67	.68	.68	.69	.69	.70	.70	.71	.71	.72
61	.72	.73	.73	.74	.74	.75	.75	.76	.76	.77	.77	.78
62	.78	.79	.79	.80	.80	.81	.81	.82	.82	.83	.83	.84
63	.84	.85	.85	.86	.87	.87	.88	.89	.89	.90	.91	.91
64	.92	.93	.93	.94	.95	.95	.96	.97	.97	.98	.99	.99
65	1.00											

### Example:

Deferred Vested Pension at 65 (after any reduction for the Preretirement Survivor Annuity)	\$500.00 per month
Age at Pension Commencement Date	55 years, 3 months
Early Retirement Factor	47% (.47)
Reduced Pension Payable at Age 55 years, 3 months (\$500 x .47)	\$235.00 per month

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## Appendix E: Early Retirement Factors – Deferred Vested Pensions with Joint and 100% Surviving Spouse Annuity

Factors show the percentage of pension payable based on completed years and months of age at commencement of Deferred Vested Pension.

Completed Years of Age	Completed Months of Age											
	0	1	2	3	4	5	6	7	8	9	10	11
50	.28	.28	.28	.28	.29	.29	.29	.29	.29	.29	.30	.30
51	.30	.30	.30	.30	.31	.31	.31	.31	.31	.31	.32	.32
52	.32	.32	.32	.33	.33	.33	.33	.33	.33	.34	.34	.34
53	.34	.34	.35	.35	.35	.35	.35	.36	.36	.36	.36	.36
54	.37	.37	.37	.37	.38	.38	.38	.38	.38	.39	.39	.39
55	.39	.40	.40	.40	.40	.41	.41	.41	.41	.42	.42	.42
56	.42	.43	.43	.43	.43	.44	.44	.44	.44	.45	.45	.45
57	.46	.46	.46	.46	.47	.47	.47	.48	.48	.48	.48	.49
58	.49	.49	.50	.50	.50	.51	.51	.51	.52	.52	.52	.53
59	.53	.53	.54	.54	.54	.55	.55	.55	.56	.56	.56	.57
60	.57	.57	.58	.58	.59	.59	.59	.60	.60	.61	.61	.61
61	.62	.62	.63	.63	.63	.64	.64	.65	.65	.66	.66	.66
62	.67	.67	.68	.68	.69	.69	.70	.70	.71	.71	.72	.72
63	.73	.73	.74	.74	.75	.75	.76	.76	.77	.77	.78	.78
64	.79	.80	.80	.81	.81	.82	.82	.83	.84	.84	.85	.85
65	.86											

**Example:**

Deferred Vested Pension at 65 (after any reduction for the Preretirement Survivor Annuity)	\$500.00 per month
Age at Pension Commencement Date	55 years, 3 months
Early Retirement Factor	40% (.40)
Reduced Pension Payable at Age 55 years, 3 months (\$500 x .40)	\$200.00 per month

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## Appendix F: Early Retirement Factors – Deferred Vested Pensions with Joint and 50% Surviving Spouse Annuity

Completed Years of Age	Completed Months of Age											
	0	1	2	3	4	5	6	7	8	9	10	11
50	.30	.30	.30	.31	.31	.31	.31	.31	.31	.32	.32	.32
51	.32	.32	.33	.33	.33	.33	.34	.34	.34	.34	.35	.35
52	.35	.35	.35	.36	.36	.36	.36	.36	.36	.37	.37	.37
53	.37	.37	.38	.38	.38	.38	.39	.39	.39	.39	.40	.40
54	.40	.40	.41	.41	.41	.41	.42	.42	.42	.42	.43	.43
55	.43	.43	.44	.44	.44	.44	.45	.45	.45	.45	.46	.46
56	.46	.46	.47	.47	.47	.47	.48	.48	.48	.48	.49	.49
57	.49	.49	.50	.50	.50	.51	.51	.51	.52	.52	.52	.53
58	.53	.53	.54	.54	.54	.55	.55	.55	.56	.56	.56	.57
59	.57	.57	.58	.58	.59	.59	.60	.60	.60	.61	.61	.62
60	.62	.62	.63	.63	.64	.64	.65	.65	.65	.66	.66	.67
61	.67	.67	.68	.68	.69	.69	.70	.70	.70	.71	.71	.72
62	.72	.73	.73	.74	.74	.75	.76	.76	.77	.77	.78	.78
63	.79	.80	.80	.81	.81	.82	.82	.83	.83	.84	.84	.85
64	.85	.86	.86	.87	.88	.88	.89	.90	.90	.91	.92	.92
65	.93											

**Example:**

Deferred Vested Pension at 65 (after any reduction for the Preretirement Survivor Annuity)	\$500.00 per month
Age at Pension Commencement Date	55 years, 3 months
Early Retirement Factor	44% (.44)
Reduced Pension Payable at Age 55 years, 3 months (\$500 x .44)	\$220.00 per month

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## Appendix G: Reduction Factors – Service and Disability Pensions with Joint and 50% Contingent Survivor Annuity

Factors show the percentage of pension payable based on the difference between the ages of the participant and the contingent annuitant

Participant's Age Minus Beneficiary's Age	Reduction Factor	Participant's Age Minus Beneficiary's Age	Reduction Factor
0	.950	23	.910
1	.950	24	.908
2	.950	25	.906
3	.950	26	.904
4	.948	27	.902
5	.946	28	.900
6	.944	29	.898
7	.942	30	.896
8	.940	31	.894
9	.938	32	.892
10	.936	33	.890
11	.934	34	.888
12	.932	35	.886
13	.930	36	.884
14	.928	37	.882
15	.926	38	.880
16	.924	39	.878
17	.922	40	.876
18	.920	41	.874
19	.918	42	.872
20	.916	43	.870
21	.914	44	.868
22	.912	45	.866

Values are extrapolated for age differences in excess of 45 years

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## Appendix H: Reduction Factors – Deferred Vested Pensions with Joint and 50% Contingent Survivor Annuity

Factors show the percentage of pension payable based on the difference between the ages of the participant and the contingent annuitant

Participant's Age Minus Beneficiary's Age	Reduction Factor	Participant's Age Minus Beneficiary's Age	Reduction Factor
0	.930	23	.891
1	.930	24	.889
2	.930	25	.887
3	.930	26	.885
4	.928	27	.883
5	.926	28	.881
6	.924	29	.879
7	.922	30	.877
8	.920	31	.875
9	.918	32	.873
10	.916	33	.871
11	.914	34	.869
12	.912	35	.867
13	.910	36	.865
14	.908	37	.863
15	.907	38	.861
16	.905	39	.860
17	.903	40	.858
18	.901	41	.856
19	.899	42	.854
20	.897	43	.852
21	.895	44	.850
22	.893	45	.848

Values are extrapolated for age differences in excess of 45 years.