

Pension Changes for 2014

Fact Sheet

Affects the Hanford Operations and Engineering (HOE) Pension Plan participants.

Pension Benefits accrued through December 31, 2013 **will not be impacted** by these changes. Only the benefits accrued after January 01, 2014 will be impacted.

Pension Benefits will continue to accrue after January 01, 2014, at a lesser rate (with the exception of Non-grandfathered Enterprise Company Employees, PNNL, and LTD participants).

Participants who are age 50 with 15 years of Vesting Service as of January 01, 2014 will be considered "Grandfathered" participants.

Participants who are not age 50 with 15 years of Vesting Service as of January 01, 2014 will be considered "Non-Grandfathered" participants.

All participants' benefits will be accrued at a lesser rate January 01, 2014 further, however Grandfathered participants' pension accrued through 2013 will continue to grow with any additional salary changes (increases in High 5).

ALL 12 monthly annuity options will be offered after January 01, 2014 as are offered currently, including 9 Joint and Survivor (lifetime spousal) benefits. The lump sum will also continue to be offered.

The multiplier will be reduced for future accruals from 1.6% to 1.2% effective January 01, 2014. The two formulas are as follows:

Grandfathered:

Benefit ONE: $1.6\% \times \text{High 5 salary at retirement} \times \text{years of benefit service pre 01/01/2014}$

Benefit TWO: $1.2\% \times \text{High 5 salary at retirement} \times \text{years of benefit service post 12/31/2013}$

Non-Grandfathered:

Benefit ONE: $1.6\% \times \text{High 5 salary through 12/31/2013} \times \text{years of benefit service pre 01/01/2014}$

Benefit TWO: $1.2\% \times \text{High 5 salary at retirement} \times \text{years of benefit service post 12/31/2013}$

The High 5 calculation is the same for both, however, if a participant is Grandfathered, their prior benefit will continue to grow as their salary increases.

The monthly benefit accrued as of December 31, 2013 will be converted from a 10 Year Certain and Life Annuity to a Single Life Annuity. Benefit One and Benefit Two will be combined at retirement/termination and payable as one benefit.