

Y-12 Federal Credit Union Cash Balance Retirement Pension Plan Plan Highlights

Participation: Eligible to participate in the plan after completing six months of service. Must be at least age 20. The participant will enter the plan on the January 1st following (or coinciding with) the completion of six months of service and/or reaching age 20.

Ex. A 32-year-old employee hired on 4/6/2011 would participate in the plan on 1/1/2012.

Vesting: A participant is 100% vested in their benefit after three years of service. **A year of service = 1000+ hours per calendar year.**

Benefit Formula:

Cash Balance: 5% of plan year compensation if active and worked 1,000 hours in that calendar year. Interest is credited at the end of each month until commencement.

Early Retirement: Must be at least 55 with 5 years of service to be early retirement eligible. Benefit will be reduced to account for an early commencement.

Normal Retirement: Age 65. There is no service requirement, but the participant needs to be fully vested.

Late Retirement: Past age 65. Benefit will be actuarially increased to account for the late commencement.

Forms of Payment: Normal form for a single participant is a Life Annuity with 10 Years Certain. Normal form for a married participant is a 50% Joint and Survivor Annuity. Optional forms include: Life Annuity, Life Annuity with 5, 10 or 15 Years Certain, 50%, 66 2/3%, 75% or 100% Joint and Survivor Annuity.

Lump Sums: payable if the amount is under \$5,000. The participant will have the option to have this paid to them or rolled over. If an election is not made, the lump sum will automatically be rolled over into the John Hancock IRA. If the value of the lump sum is less than \$1,000, a check will automatically be mailed directly to the participant.

Rehires: If an employee is rehired after less than 5 years of separation from Y-12, the participant will retain credit for all years of vesting service prior to the break in service. If an employee is rehired after 5 years of separation, all service earned prior will be forfeited.

- ❖ If a participant in the Grandfathered plan is rehired within 5 years, they would reenter the plan as a Cash Balance participant, having a benefit in both plans.

Disability: If disabled while an active employee, the condition continues for a period of six months and leads to separation of service, the disability benefit will equal the early retirement benefit regardless of age and service.

Death: Pre-retirement: death benefit payable to the spouse or non-spouse of a participant. Post- retirement death benefits, if any, would go to the elected beneficiary.