Your Retirement Planning Guide

A Guide to Understanding Your Retirement Benefits and Making Choices That Meet Your Retirement Needs

www.FarmCreditFoundations.com
Your Steps to Retirement

1. **Start the Process**
   - Read your Retirement Guide
   - Discuss retirement with your supervisor

2. **Print and Complete Retirement Notification Form**
   - The [Retirement Notification Form](#) must be completed by you, your supervisor and HR Department.

3. **Complete Your Medical, Dental and/or Vision Benefits Paperwork**
   - After the completed Retirement Notification Form is received, Farm Credit Foundations will mail a benefit information packet to your home about 30 days before your retirement date
   - Return completed benefits form within 60 days following retirement.

4. **Consider Your 401(k) Account Options**
   - 15 to 30 days after your retirement date, request 401(k) distribution packet from John Hancock (online at [mylife.jhrps.com](#) or call customer service at 1-800-294-3575.

If you have additional questions regarding the retirement process contact the Farm Credit Foundations Benefits Department at 1-800-892-7924.

**Resources/Links**

- View Retirement Timeline
- View Medical Rates for Retirees
- View Frequently Asked Questions
- View Resources
- View Farm Credit Foundations Defined Contribution/401(k) Plan and Trust Agreement
- View Instruction Sheet for Making 401(k) Elections

**Disclaimer:** This guide is intended to be a summary of main features of your retirement plan and is not intended to take the place of the plan document. If any discrepancy occurs between this guide and the plan document, the plan document will govern.
Retirement Process Timeline

The table below gives you a quick overview of the decisions you need to make, forms you need to fill out and material you will receive from Farm Credit Foundations and others as you count down toward retirement.

<table>
<thead>
<tr>
<th>Event</th>
<th>Age 55+</th>
<th>Age 55+ with at least 10 years of service</th>
<th>Age 59-1/2+</th>
<th>1 year before retirement date</th>
<th>90 days before you retire</th>
<th>30 days before you retire</th>
<th>Date of final paycheck</th>
<th>15-30 days after you retire</th>
<th>30-45 days after you retire</th>
<th>Each November</th>
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<tbody>
<tr>
<td></td>
<td>• Eligible for 401(k) Plan distributions without the 10% excise tax penalty if you leave your employment</td>
<td>• Eligible for 401(k) Plan distributions without tax penalty if you leave your employment</td>
<td>• Eligible for retiree medical benefits if you leave your employment</td>
<td>• Run retirement savings estimates at mylife.jhrps.com</td>
<td>• Complete Retirement Notification Form</td>
<td>• Farm Credit Foundations will mail a Retiree Benefit and Continuation packet to your home after receipt of Retirement Notification Form</td>
<td>• Active benefits end</td>
<td>• Contact Minnesota Life if you want to continue term life coverage for up to 18 months</td>
<td>• 30-45 days after your retirement, you will have access to your 401(k) options</td>
<td>• If you elect to continue benefits, Farm Credit Foundations will provide information and annual enrollment options (if applicable) for coming year</td>
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Thinking About Retiring?
This guide will provide the information you need and walk you through the steps as you go through the retirement process.

You'll learn about:
- Your 401(k) Plan distribution options
- Other benefits available
- When you need to take certain steps
- How to complete the necessary forms

What is Included in this Guide?
- When can I retire?
- What are my retirement benefit options?
  - 401(k), retiree medical, other benefits
- Retirement process timeline.
- Can I return to work after I retire?
- What do I need to do with my 401(k)?
- How do I set up my retiree medical coverage?
- How do I continue my other benefits?

When Can I Retire?
Things you should consider when making this decision include:
1. When do you want to stop working?
2. Is retiree medical important?
3. When do you want to access your 401(k) funds?
4. When do you want to begin collecting Social Security?

Farm Credit Foundations Defined Contribution/401(k) Plan
You have access to your 401(k) vested funds at any age after you leave your employer. However, under IRS tax rules, the following ages are important:

- **Age 55+** — If you leave Farm Credit during or after the year in which you turn age 55, you can begin taking 401(k) Plan distributions without tax penalty.
- **Age 59½+** — Once you reach age 59½, you are eligible to take distributions from your 401(k) Plan account without tax penalty. (This is available as an “in-service” withdrawal even if you don’t retire.)
- **Age 70½** — Once you leave employment, you must start taking minimum required distributions from your 401(k) Plan when you reach age 70½.

Vested Funds
You are always 100% vested in funds attributed to your contributions. You gain ownership (vesting) in employer contributions and earnings in your 401(k) account over the course of four years, at a rate of 25% a year. At the end of four years, you will be 100% vested in all employer contributions and earnings in your 401(k) account.

Did You Know?
At age 59½, you can withdraw your 401(k) funds without a tax penalty, even if you don’t retire.
What are My Retirement Benefit Options?
Farm Credit offers a number of benefits that may be available to you when you retire, including retirement savings and medical. Other active benefits may be continued for a period of time or converted to an individual plan. This guide discusses your options.

What Are My 401(k) Options?
• If your 401(k) Plan account balance is $1,000 or less, your vested account balance will be distributed in a lump sum.
• If your balance is more than $1,000, you can:
  ▶ Take your distribution all at once (single sum payment)
  ▶ Take partial withdrawals
  ▶ Have it paid to you in installment payments:
    - Over life expectancy
    - A period of up to 20 years
    - In a flat dollar amount
  ▶ You can roll over all or part of your account balance:
    - Roll over to a New York Life Portfolios IRA
    - Roll over to another IRA or retirement plan
  ▶ You can leave all or part of your money in the Plan
    - You must start taking the IRS Required Minimum Distributions at age 70½

If you choose installment payments or leave all or part of your money in the plan, you can continue to access your account at mylife.jhrps.com.

Note: When you take a partial distribution, funds are distributed in a preset hierarchy.

Typically, the order is as follows:
1. Your pre-tax rollover contributions and associated earnings
2. Employer contributions and match with associated earnings
3. Your post-tax contributions with associated earnings
   • Contributions
   • Rollover contributions
4. Your pre-tax contributions with associated earnings
5. Your Roth 401(k) contributions and associated earnings

How Your 401(k) Distributions are Taxed
Here is a look at how each of the different types of money sources in your 401(k) Plan account is taxed when you take a distribution:

• Pre-Tax Contributions — All pre-tax contributions (including catch-up contributions) will be taxed as ordinary income in the year you receive the distribution.

• Roth 401(k) Contributions — Qualified distributions are completely tax free; to be considered “qualified,” money must have been invested in the Roth 401(k) account for at least five years and you must be age 59½ or older when taking the distribution.

• Post-Tax Contributions — Post-tax contributions can be withdrawn tax free at any time, regardless of age.

• Rollover Contributions — Pre- and post-tax contributions and Roth 401(k) contributions that you rolled over into the Plan from another retirement plan or IRA will be taxed as previously described when you take distributions.
• **Employer Contributions** — Employer contributions and any earnings on those contributions are treated the same as pre-tax contributions.

• **Earnings on Contributions** — Earnings on contributions other than Roth 401(k) are taxed as ordinary income. Penalties may apply if you retire before age 55.

The above tax information is provided as an overview. In any case where this information may differ from the current tax laws, the tax laws will prevail. You should discuss your options and circumstances with your financial or tax advisor.

**What Do I Need to Do With My 401(k)?**

- **Request a Distribution Packet**
  You can request a Distribution Packet from John Hancock at [mylife.jhrps.com](http://mylife.jhrps.com) or by calling 1-800-294-3575 any time after your actual retirement date. There is a 30-day waiting period following your retirement before funds can be released.

  The Distribution Packet contains a cover letter and the forms you’ll need to set up your distributions and tax withholding elections. John Hancock will mail the packet, along with a Portfolios IRA Kit, to your home address.

**How to Make Your 401(k) Elections**

To help you fill out the forms needed to make your 401(k) elections, we have created an Instruction Sheet.

▶ **Link to Instruction Sheet**

**Do You Have An Outstanding Loan Balance?**

If you have an outstanding loan balance when you retire you have three options:

1. You can continue to make loan payments authorizing John Hancock to direct debit your checking or savings account for periodic payments.

2. You can payoff your loan within 30 days of the last loan payment due date. Request a Loan Payoff Form at [mylife.jhrps.com](http://mylife.jhrps.com).

3. You can do nothing and 30 days after your most recent scheduled loan payment your loan will go into default. At this point the loan will be considered a taxable distribution and you will owe taxes on the outstanding balance.

**Did You Know?**

You have access to your 401(k) vested funds at any age after you leave your employer. However under IRS tax rules, the following ages are important:

**Age 55+**

- If you leave Farm Credit during or after the year in which you turn age 55, you can begin taking 401(k) Plan distributions without tax penalty.

**Age 59½+**

- Once you reach age 59½, you are eligible to take distributions from your 401(k) Plan account without tax penalty. (This is available as an “in-service” withdrawal, even if you don’t retire.)

**Age 70½**

- Once you leave employment, you must start taking minimum required distributions from your 401(k) Plan when you reach age 70½.
Eligibility for Medical Coverage
You are eligible for Farm Credit Foundations Retiree Medical coverage if you:
• Are at least 55 years old
• Have at least 10 years of service at the time of your retirement
• Are currently participating in a Farm Credit Foundations Medical Plan for active employees

How Do I Set up My Retiree Medical Coverage?
You will receive a benefits packet from Farm Credit Foundations about one month before your planned retirement date.

• If you are under age 65 – you will receive the enrollment forms and payment information for the Farm Credit Foundations Retiree Medical Plan.
• If you are age 65 or older – You will receive information and enrollment forms directly from UnitedHealthcare for the AARP options available to you.

Other Benefit Options
You are able to continue certain active benefits for a period of time after your retirement. Other benefits can be converted to individual coverage.

• Medical Coverage — If you and or your dependent(s) do not enroll in retiree medical coverage, you can continue coverage for the earlier of 18 months or you become eligible for Medicare. You will pay the full cost of the coverage.

• Dental — You are able to continue coverage for you and/or your dependents for up to 18 months. You will pay the full cost of the coverage.

• Vision — You are able to continue coverage for you and/or your dependents for up to 18 months. You will pay the full cost of the coverage.

• Group Term Life Insurance — You are able to continue Basic/Optional group term life on yourself and/or your child(ren) for up to 18 months directly through the insurance company, Minnesota Life. After 18 months, coverage can be converted to an individual policy.

• Group Universal Life Coverage — You may continue this coverage for up to 18 months directly through Minnesota Life for you and/or your spouse. After 18 months, coverage can be converted to an individual basis.

• Voluntary Accidental Death and Dismemberment Coverage — This coverage ends when you retire and cannot be continued.

• Long Term Disability Coverage — This coverage cannot be continued. Conversion is not available once you commence pension payments.

How Do I Continue My Other Benefits?
You will receive a benefits packet from Farm Credit Foundations about one month before your planned retirement date. This packet will contain forms and information regarding your rights to continue coverage.

Did You Know?
If you are under age 65, you may continue your medical coverage. However, you would do so under your current medical plan.
**Can I return to Work After I Retire?**

If you return to work after you retire, your 401(k) distribution(s) you previously elected are not affected. If you return as a benefits eligible employee, you will resume eligibility to make 401(k) contributions and receive employer match and contributions. Upon your rehire you will resume participation at the level of vesting at the time of your retirement and will continue to vest.

If you have any questions regarding this topic, please contact Farm Credit Foundations at Benefits@FarmCreditFoundations.com or 1-800-892-7924.