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 Online Retirement Application
   ▶ Go to mylife.jhrps.com up to 90 days before you commence your retirement payments

4. Make Your Pension Election
   ▶ John Hancock will mail a Pension Election packet to your home
   ▶ Complete and return the forms to John Hancock

5. 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.

6. 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 Eleventh Farm Credit District Employees’ Retirement Plan
▶ 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.
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>Before You Retire</th>
<th>After You Retire</th>
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<tbody>
<tr>
<td><strong>Age 55+</strong></td>
<td>• Eligible for 401(k) Plan distributions without the 10% excise tax penalty if you leave your employment</td>
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| **Age 55+ with at least 10 years of service** | • Eligible for 401(k) Plan distributions without tax penalty if you leave your employment  
• Eligible for retiree medical benefits if you leave your employment |
| **Age 59-1/2+**   | • Eligible for in-service withdrawal and/or rollover from 401(k) Plan without penalty |
| **1 year before retirement date** | • Run benefit estimates at mylife.jhrps.com |
| **90 days before you retire** | • Complete Retirement Notification Form  
• Submit online Retirement Application through mylife.jhrps.com  
• If you and/or your spouse are 62+ at retirement, visit your local Social Security office regarding benefits  
• If you and/or your spouse are 65+ at retirement, visit your local Social Security office regarding Medicare |
| **90-30 days before you retire** | • You will receive a Pension Election Packet from John Hancock after you submit your online Retirement Application  
• Complete and return to John Hancock |
| **30 days before you retire** | • Farm Credit Foundations will mail a Retiree Benefit Continuation packet to your home  
• A Retirement Notification Form must be received before payment is sent  
• You have up to 60 days following retirement to make a one-time election for retiree medical and/or continuation of active medical, dental and vision coverage  
• Complete Benefits Continuation forms and return to Farm Credit Foundations |
| **Date of final paycheck** | • Farm Credit will notify John Hancock to begin pension and confirm Years of Service and Final Earnings  
• Active benefits end  
• Retiree Medical and benefits continuation coverage begins (election forms must be received to start retiree/continuation benefits) |
| **15-30 days after you retire** | • Direct deposit of monthly pension will start with your second payment  
• Contact Minnesota Life if you want to continue term life coverage for up to 18 months |
| **30-45 days after you retire** | • 30-45 days after your retirement, you will have access to your 401(k) options |
| **Each November** | • If you elect to continue benefits, Farm Credit Foundations will provide information and annual enrollment options (if applicable) for coming year |
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 Pension Plan benefits
• 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?
  - Pension Plan
  - 401(k)
  - Retiree medical
  - Other benefits
• Retirement process timeline
• What do I need to do to start my pension?
• 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?
5. When do you want to start your pension benefit?

Eleventh Farm Credit District Employees’ Retirement Plan
To receive your pension pension benefit, you can retire if:
• You are at least age 60 and have completed 15 years of service.
  - Your benefits would be reduced according to the schedule below.
• You are at least age 62 and have completed 5 years of service.
  - Your benefits would be reduced according to the schedule shown here.
• Your age and service added together equals at least 85 points (Rule of 85).
  - Your benefits will not be reduced. You will receive 100% of your benefits even if you retire before age 65.

<table>
<thead>
<tr>
<th>Age When Your Benefit Payments Start</th>
<th>Percent of Benefit You Will Receive</th>
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<tbody>
<tr>
<td>60</td>
<td>90%</td>
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<tr>
<td>61</td>
<td>92%</td>
</tr>
<tr>
<td>62</td>
<td>94%</td>
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<td>63</td>
<td>96%</td>
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<td>64</td>
<td>98%</td>
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<tr>
<td>65</td>
<td>100%</td>
</tr>
<tr>
<td>Age + Service = 85</td>
<td>100%</td>
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What Are My Retirement Benefit Options?
Farm Credit offers a number of benefits that may be available to you when you retire, including pension benefits, 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.

How Do I Calculate My Pension Benefit?
Your pension benefits are determined by two factors:
• Years of service
• Highest average earnings

Generally, your years of service include all years you were employed in a Farm Credit organization, including authorized leaves of absence of less than 30 consecutive calendar days and long-term disability leave. In addition, your accrued sick hours remaining at the time of your retirement are added to your years of service, if you begin payment within four weeks.

Your Highest Average Earnings is the average of your highest annual salary over 60 consecutive months of service during your career with Farm Credit. Your “salary” is your base pay plus certain other types of pay, such as incentive, bonus, commission, overtime and shift differential, before payroll deductions. It does not include non-cash awards, expense reimbursements, contributions to non-qualified retirement plans or other non-recurring compensation, such as pay in lieu of vacation, severance, sign-on bonus, retention pay paid after retirement/termination date, retirement gratuity, service awards and irregular or intermittent work. The amount of pay that is taken into account may also be limited by federal tax laws.

Offset for Other Farm Credit Pension
If you receive a defined benefit pension from another Farm Credit employer based on service that is also used for calculating your pension under this Plan, then this Plan’s pension benefit will be offset by the value of the other plan’s benefit.

Delayed Retirement
If you continue to work beyond your Normal Retirement, you will continue to earn Years of Service and your pension will be calculated using Years of Service and High Five Salary at the time of your retirement.

Your Benefit is Calculated Using This Formula:

\[
1.95\% \times \text{Years of Service} = \text{Your Monthly Retirement Benefit at Age 65}
\]

Note: For more information on your benefit calculation and to see an example, please refer to Eleventh Farm Credit District Employees’ Retirement Plan at www.FarmCreditFoundations.com.
How is My Pension Benefit Paid?
You can choose how your benefits are paid from the following options.

- **Single Life Annuity** — This option pays you 100% of your benefit in equal monthly payments for as long as you live. Benefit payments stop when you die. If you are married, you must obtain written consent from your spouse to elect this option.

- **Joint and Survivor Annuity** — If you are married, you may choose one of the Joint and Survivor Annuity options to provide a benefit to your spouse if you die. You can elect to have 50%, 75% or 100% of your benefit paid to your surviving spouse. The benefit paid to you during your lifetime will be reduced to provide this additional spousal coverage. The amount of the benefit reduction will be determined by your and your spouse’s ages and the benefit percentage you elect.

- **Lump Sum Distribution**
  You also have the option to choose your benefit in a lump sum rather than monthly payments. Refer to your plan document for more information.

How is My Pension Benefit Taxed?
Your pension benefit payments are considered ordinary income and subject to federal income taxes in the year you receive them. You may also owe state income taxes on your benefit payments.

If you receive your benefit distribution as a lump sum, the payment will be subject to a mandatory 20% federal income tax withholding and may also be subject to any applicable state withholding, unless you elect to have your payment directly rolled over to your Farm Credit Foundations 401(k) account or an IRA or other eligible retirement plan.

For all other forms of benefit distribution, taxes will be automatically withheld from each benefit payment unless you specifically request otherwise on your Tax Withholding Election Form included in your Benefit Election Packet.

If you choose not to have taxes withheld from your benefit payments, you must pay the taxes when you file your tax return. You may be required to pay estimated taxes and tax penalties if you fail to make your tax payments in a timely manner, so you should speak with your tax advisor or accountant before making your tax withholding decision.

How Do I Estimate My Pension Benefit Payment?
You can estimate your benefits by modeling different retirement scenarios at mylife.jhrps.com. Select the Eleventh Farm Credit District Retirement Plan, then under the “My Benefit” tab, click on Benefit Estimate Calculator from the Online Tools & Calculators drop down box.

You can run estimates for early, normal or late retirement based on age or the date you want to start your benefit. The calculator will automatically include default values for your compensation and other variables. You can change these figures or use the default values.

Did You Know?
A lump sum distribution can be rolled over to your 401(k).
How Do I Start My Pension Benefit?

Starting your pension benefit is a two-step process:

1. **Submit an online application for retirement benefit payments** through [mylife.jhrps.com](http://mylife.jhrps.com) up to 90 days before you commence your retirement payments.
   - **When you submit the Retirement Application:**
     - Confirm your name and date of birth
     - Select your employment termination and benefit commencement dates
     - Indicate your marital status
     - Provide beneficiary information, if applicable

2. **Complete your benefit forms.** Once you submit your Retirement Application, John Hancock will mail your Pension Benefit Election Packet with all necessary forms to your address of record within five business days. Here’s an overview of the forms you will receive:
   - **Benefit Election Form** — This is where you elect how your benefit is to be paid.
   - **Beneficiary Designation Form** — This form should only be completed if you are electing a Life annuity with months certain.
   - **Lump Sum Distribution Election Form** — This form allows you to elect how you want your lump sum distribution paid, including rollover options and offers the ability to split your distribution among several different lump sum options.
   - **Spousal Consent Form** — If you are married, this form must be signed by your spouse and notarized if you elect a benefit payment option other than Joint and Survivor Annuity.
   - **Tax Withholding Election Form** — This form allows you to elect whether or not to have Federal income tax withheld from your benefit payments. If you elect to have income taxes withheld, you must also complete the included Form W-4P.
   - **Direct Deposit Authorization** — Complete this form only if you want John Hancock to deposit your benefit payments directly into your checking or savings account.
   - **Special Tax Notice Regarding Plan Payments** — This document provides important tax information that may impact your benefit payment election. Please read it carefully. When filling out the forms, you should take your time and provide all requested information, including signatures of you and your spouse. Incomplete forms will only delay your benefit payments.

Did You Know?
Incomplete forms will delay your benefit payments. Take care to provide all requested information.

Return all completed forms to:

**John Hancock Retirement Plan Services**
PO Box 796, Norwood, MA 02062-0796

If you need help completing your forms, call 1-800-294-3575. Participant Service Center representatives are available Monday through Friday, 8 a.m. to 10 p.m. Eastern Time on New York Stock Exchange business days.
Farm Credit Foundations
Defined Contribution/401(k) Plan

- 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. Generally 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

Note: If you have a Roth portion in your account, you may specify a Roth-only partial distribution.

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 in the year in which you retire.

- **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](http://mylife.jhrps.com)

**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.

**Your Retiree Medical Options**

**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
Your Retiree Medical Options

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 United HealthCare for the AARP options available to you.

AARP Subsidy Access
If you were hired prior to January 1, 2002 and meet one of the following criteria, you may have access to an employer subsidy through AARP.

1. Retire at age 65
2. Are age 62-64 with at least 5 ½ year of credited service
3. Are age 60-61 with at least 15 years of service
4. Your age plus years of service equals 85 or more

AARP Medicare supplement coverage, underwritten by United HealthCare, is available for retirees age 65 who either:
- enroll in Medicare directly after retirement due to retiring after age 65, or
- elect Retiree Medical Coverage through Farm Credit Foundations.

Access to any AARP subsidy is forfeited if you elect Medical Continuation Coverage instead of Retiree Medical.

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.

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.
Can I Return to Work After I Retire?
The Internal Revenue Code states that you must be separated from service in order to receive your pension. You cannot discuss or arrange return to work before you retire and you must be retired for a reasonable amount of time to meet the IRS criteria for separation from service. If you return to work and do not meet the criteria, your pension benefit must be suspended.

The rules of your pension plan in conjunction with IRS rules determine whether your pension benefit can continue if you are rehired:

**Question 1: Did you request or were you solicited to return to work before you retired?**
- If yes, your pension benefit will be suspended during period of rehire.
- If no, go to Question 2.

**Question 2: Has at least one year elapsed since your retirement?**
- If yes, benefits will not be suspended during period of re-employment.
- If no, go to Question 3.

**Question 3: Will you be employed on a temporary or part-time basis for a duration of less than one year?**
- If no, benefits will be suspended during period of reemployment.
- If yes, benefits will not be suspended unless the Farm Credit Foundations Benefits Department determines, in its discretion, that the facts and circumstances surrounding your reemployment make suspension of benefits necessary to ensure consistency with the Code and any IRS or Treasury Department guidance.

Farm Credit Foundations Benefits Department determines whether that the facts and circumstances in each individual case require suspension to ensure consistency with the Code or any IRS or Treasury Department guidance. The determination will be made based on, but not limited to, the following factors:

- Whether reemployment was arranged prior to retirement (Absent highly unusual circumstances, benefits will be suspended if reemployment was pre-arranged before the original retirement.)
- The amount of time that lapsed between your retirement date and the date of your reemployment. (The shorter the gap, the more likely that benefits will be suspended.)
- The circumstances motivating the reemployment and whether the reemployment could have been anticipated at the time of retirement. (If reemployment is due to another employee's departure, illness or leave of absence, the more likely the motivation can be shown not to be pre-arranged.)
- Your age at retirement. Did you retire at an age when a person would typically "retire"?
- Whether you are rehired to perform your exact job (same desk, same responsibilities) or to perform another job. (It is more likely that the retirement is “real” if you are reemployed to do a different job.)
- Will you perform duties as an independent contractor, temporary, part-time or permanent employee? Job classification can help determine whether the IRS considers your retirement as “real.”

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