Your Retirement Planning Guide

A Guide to Understanding Your Retirement Benefits and Making Choices That Meet Your Retirement Needs
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](http://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](http://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**

- [Retirement Timeline](#)
- [Medical Rates for Retirees](#)
- [Frequently Asked Questions](#)
- [Resources](#)
- [View Ninth Farm Credit District Pension Plan and Trust Agreement](#)
- [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>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age 55+</strong></td>
<td>Eligible for 401(k) Plan distributions without tax penalty if you leave your employment</td>
</tr>
<tr>
<td><strong>Age 55+ with at least 10 years of service</strong></td>
<td>Eligible for 401(k) Plan distributions without tax penalty if you leave your employment</td>
</tr>
<tr>
<td></td>
<td>Eligible for retiree medical benefits if you leave your employment</td>
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<tr>
<td><strong>Age 59-1/2+</strong></td>
<td>Eligible for in-service withdrawal and/or rollover from 401(k) Plan without penalty</td>
</tr>
<tr>
<td><strong>1 year before retirement date</strong></td>
<td>Run benefit estimates at mylife.jhrps.com</td>
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<tr>
<td><strong>90 days before you retire</strong></td>
<td>Complete Retirement Notification Form</td>
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<tr>
<td></td>
<td>Submit online Retirement Application through mylife.jhrps.com</td>
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<td></td>
<td>If you and/or your spouse are 62+ at retirement, visit your local Social Security office regarding benefits</td>
</tr>
<tr>
<td></td>
<td>If you and/or your spouse are 65+ at retirement, visit your local Social Security office regarding Medicare</td>
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<tr>
<td><strong>90-30 days before you retire</strong></td>
<td>You will receive a Pension Election Packet from John Hancock after you submit your online Retirement Application</td>
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<tr>
<td></td>
<td>Complete and return to John Hancock</td>
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<tr>
<td><strong>30 days before you retire</strong></td>
<td>Farm Credit Foundations will mail a Retiree Benefit Continuation packet to your home</td>
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<td></td>
<td>A Retirement Notification Form must be received before payment is sent</td>
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<tr>
<td></td>
<td>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</td>
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<tr>
<td></td>
<td>Complete Benefits Continuation forms and return to Farm Credit Foundations</td>
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<tr>
<td><strong>Date of final paycheck</strong></td>
<td>Farm Credit will notify John Hancock to begin pension and confirm Years of Service and Final Earnings</td>
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<tr>
<td></td>
<td>Active benefits end</td>
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<tr>
<td></td>
<td>Retiree Medical and benefits continuation coverage begins (election forms must be received to start retiree/continuation benefits)</td>
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<tr>
<td><strong>15-30 days after you retire</strong></td>
<td>Direct deposit of monthly pension will start with your second payment</td>
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<td></td>
<td>Contact Minnesota Life if you want to continue term life coverage for up to 18 months</td>
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<tr>
<td><strong>30-45 days after you retire</strong></td>
<td>30-45 days after your retirement, you will have access to your 401(k) options</td>
</tr>
<tr>
<td><strong>Each November</strong></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.

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?

Ninth Farm Credit Pension Plan
You can retire and receive your pension if:
• You are at least 65 (Normal Retirement Age) and have completed five years of service
• You are at least age 55 and have at least five years of service.
  - If your age and service added together equals at least 90 points (Rule of 90), your pension will be unreduced. Your unused sick hours can be included to reach the Rule of 90.
  - If your age and service added together is less than 90 points, you will receive the higher of:
    - Pension reduced by 3% for each point under 90
    - Pension reduced by 0.25% for each month you retire below your Normal Retirement Date

<table>
<thead>
<tr>
<th>Age + Service Points</th>
<th>Percentage Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>89</td>
<td>3%</td>
</tr>
<tr>
<td>85</td>
<td>15%</td>
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<table>
<thead>
<tr>
<th>Months Prior to Normal Retirement Date</th>
<th>Percentage Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 months</td>
<td>3%</td>
</tr>
<tr>
<td>24 months</td>
<td>6%</td>
</tr>
<tr>
<td>60 months</td>
<td>15%</td>
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The plan does not provide for a disability retirement benefit. If you become disabled while employed by Farm Credit, you may be credited with additional service.

Did You Know?
Your Average Compensation is the average of your highest eligible compensation over 60 consecutive months of service during your career with Farm Credit.
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 three factors:
• Years of Benefits Service
• Average Compensation
• Excess Compensation
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. In addition, your accrued sick hours remaining at the time of your retirement are added to your Years of Benefit Service.

▶ See the Plan Document for exceptions to this rule.

Your compensation generally means all wages, salaries, fees for professional service, and other amounts received, whether or not paid in cash, for personal services rendered while employed by Farm Credit. It does not include gifts and awards, expense reimbursements, contributions to non-qualified retirement plans or other non-recurring compensation, such as pay in lieu of vacation, severance, hiring and retention bonuses, or value of fringe benefits such as health and welfare benefits and group life insurance benefits. The amount of pay that is taken into account may also be limited by federal tax laws.

Your Average Compensation means the average monthly Compensation received by an Employee from the Employer during the 60 consecutive-months which produce the highest average. See the plan document for more details.

Your Excess Compensation is your Average Compensation in excess of the Plan’s integration level. The integration level is 100% of your “covered compensation,” which is the average of the taxable wage bases in effect for each calendar year during the 35-year period before your Social Security Retirement Age. See the plan document for more details.

Note: For more information on your benefit calculation and to see an example, please refer to your Ninth Farm Credit District Pension Plan and Trust Agreement.

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 Average Compensation at the time of your retirement.
How Is My Pension Benefit Paid?
If you are married and you elect an option other than a Joint and 50% Survivor, you must provide a signed, notarized consent of your spouse.
Your Supplemental Pension Benefit, the benefit attributable to your former retiree medical subsidy account, can be paid as a lump sum or annuitized and added to the other options.

You can choose how your benefits are paid from the following options:

- **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.
- **Life Annuity with 60 Months Certain** — This option pays you benefits for your lifetime. If you die before 60 months have been made, the remainder of the 60 monthly payments will be paid to your beneficiary.
- **Life Annuity with 120 Months Certain** — This option pays you benefits for your lifetime. If you die before 120 monthly payments have been made, the remainder of the 120 monthly payments will be paid to your beneficiary.
- **Joint & 50% Survivor Annuity** — If you are married, the normal form of benefit is Joint & 50% Annuity. This option is an annuity payable to you for life and a survivor annuity payable for the remaining life of your surviving spouse equal to 50% of the amount of the annuity payable to you.
- **Joint & 2/3 Survivor Annuity** — If you are married, with the consent of your spouse, you may choose a Joint and 2/3 Survivor Annuity option. This option is an annuity payable to you for life with a survivor annuity payable to your surviving spouse equal to 2/3 of the amount of the annuity payable to you.
- **Joint & 100% Survivor Annuity** — If you are married, with the consent of your spouse, you may choose a Joint and Survivor 100% Annuity option. This option is an annuity payable to you for life with a survivor annuity payable to your surviving spouse equal to 100% of the amount of the annuity payable to you.
- **Total Lump Sum** — This option pays you the total value of your benefits in a single lump sum, rather than monthly payments, payable either to you or to one or more financial institution(s) or qualified plan as a rollover distribution. Lump Sum distribution may be elected only during the 12-month period following separation from service.

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 Payments?
You can estimate your benefits by modeling different retirement scenarios through at [mylife.jhrps.com](http://mylife.jhrps.com). Select the Ninth 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.

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.

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 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.
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 United HealthCare 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.
Can I Return to Work After I Retire?
The rules of your pension plan in conjunction with IRS rules determine whether your pension benefits can continue if you are rehired. If you retire, receive any benefits under the pension plan and subsequently resume employment with a Ninth District Farm Credit employer, your pension benefits may be suspended dependent upon the following:

Question 1: On the date of your rehire, are you age 62 or older?
- If yes, benefits will not be suspended during period of rehire
- If no, go to Question No. 2.

Question 2: Did at least one year elapse between the date you retired and the date you were reemployed?
- If yes, benefits will not be suspended during period of rehire
- If no, benefits may be suspended during period of rehire

Contact Farm Credit Foundations at 1-800-892-7924 to make a determination whether pension benefit payments will be suspended if you return to work.

Did You Know ...
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.