A GUIDE TO YOUR PAYMENT OPTIONS

MASTER RETIREMENT PLAN PAYMENT OPTIONS

Several payment options are available to you from your Master Retirement Plan benefit. Each is paid to you for the rest of your life (except the lump sum payment option), and some continue to your spouse or beneficiary after your death. Please note, if you qualify for a lump sum, it will appear on the benefits calculation or notice of vested retirement benefits you receive from DMBA.

If you are married at the time you retire, federal law requires that your benefit be paid to you as the Life with 50% Survivor Benefit (10-year Certain) (QJSA) or the Life with 75% Survivor Benefit (10-year Certain) (QOSA) payment option. However, the law also permits us to offer you a number of other payment options described in this booklet. If you want a payment option other than the QJSA or QOSA, you must complete and sign the Master Retirement Plan Retiree Election form and your spouse must agree to this payment option by completing and signing the Master Retirement Plan Spousal Consent form.

After you begin receiving benefit payments, you cannot change your payment option.

NO TERM-CERTAIN PAYMENT OPTION

- **Life Benefit**: This payment option provides monthly payments to you for as long as you live. Payments end when you die. Therefore, this method of payment results in a higher monthly payment amount than the other payment options.

TERM-CERTAIN PAYMENT OPTIONS

Some of the annuity payment options include a term-certain period. Term certain is a guaranteed period over which benefit payments will be made, even if you die. The term-certain period starts on your benefit start date and ends when the term-certain period is met. For example, if you retire and then four years later you die, the remaining six years of a 10-year certain period would be paid to your beneficiary(ies).

- **Life with 10-year Certain**: This payment option provides monthly payments to you for as long as you live. If you die before 10 years from your benefit start date, payments will continue to your beneficiary(ies) for the remainder of the 10 years.

- **Life with 15-year Certain**: This payment option provides monthly payments to you for as long as you live. If you die before 15 years from your benefit start date, payments will continue to your beneficiary(ies) for the remainder of the 15 years.

- **Life with 20-year Certain**: This payment option provides monthly payments to you for as long as you live. If you die before 20 years from your benefit start date, payments will continue to your beneficiary(ies) for the remainder of the 20 years.
Please note, if you are older than 65 when you retire, IRS regulations may limit the availability of the preceding three payment options to you because of your life expectancy.

**ADDITIONAL TERM-CERTAIN PAYMENT OPTIONS FOR MARRIED PARTICIPANTS**

If you are married, you can choose from additional payment options that provide benefit payments to your joint annuitant when you die. Your joint annuitant is your legal spouse at the time you apply for your Master Retirement Plan benefit. You cannot change your joint annuitant, even if you later divorce, are widowed, or remarry.

As with the other term-certain payment options, these options provide you with benefit payments for as long as you live. However, they provide a smaller monthly payment than the other payment options because the total benefit is spread out not only for your expected lifetime, but also for the expected lifetime of your joint annuitant.

If your joint annuitant dies, you will continue to receive the full payments (unless you choose the Life with Reduced Survivor Benefit payment option). However, when you die, your joint annuitant may see a reduction in payments. Again, your joint annuitant will continue to receive these payments for as long as he or she lives.

If you and your joint annuitant die and your payment option is still under a term certain, the payments will continue to your beneficiary(ies) until the term certain expires.

- **Life with 100% Survivor Benefit (10-year Certain):** This payment option provides monthly payments to you for as long as you live. If you die before your joint annuitant, he or she will receive 100% of the monthly payment until his or her death.

  If you both die before 10 years have passed from your benefit start date, payments will continue to your designated beneficiary(ies) for the remainder of the 10 years.

- **Life with 75% Survivor Benefit (10-year Certain) (QOSA):** This payment option provides monthly payments to you for as long as you live. If you die before your joint annuitant, he or she will receive 75% of the monthly payment until his or her death.

  If you both die before 10 years have passed from your benefit start date, payments will continue to your designated beneficiary(ies) for the remainder of the 10 years.

- **Life with 50% Survivor Benefit (10-year Certain) (QJSA):** This payment option provides monthly payments to you for as long as you live. If you die before your joint annuitant, he or she will receive 50% of the monthly payment until his or her death.

  If you both die before 10 years have passed from your benefit start date, payments will continue to your designated beneficiary(ies) for the remainder of the 10 years.

- **Life with Reduced Survivor Benefit (10-year Certain) Payment Option:** This payment option provides a monthly benefit that is reduced to two-thirds at the death of either you or your joint annuitant. The reduced payments continue for the remainder of the survivor’s lifetime.

  If you both die before 10 years have passed from your benefit start date, payments will continue to your designated beneficiary(ies) for the remainder of the 10 years.
Use the table below to help you compare the various payment options.

<table>
<thead>
<tr>
<th>Payment Options</th>
<th>Payment to Participant</th>
<th>Payment to Joint Annuitant Who Outlives Participant</th>
<th>Payments to Beneficiary(ies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Benefit</td>
<td>100% until death</td>
<td></td>
<td>Not applicable</td>
</tr>
<tr>
<td>Life with 10-year Certain</td>
<td>100% until death</td>
<td></td>
<td>100% until 10 years from benefit start date</td>
</tr>
<tr>
<td>Life with 15-year Certain</td>
<td>100% until death</td>
<td></td>
<td>100% until 15 years from benefit start date</td>
</tr>
<tr>
<td>Life with 20-year Certain</td>
<td>100% until death</td>
<td></td>
<td>100% until 20 years from benefit start date</td>
</tr>
<tr>
<td>Life with 100% Survivor Benefit (10-year Certain)</td>
<td>100% until death</td>
<td>100% until death</td>
<td>100% until 10 years from benefit start date</td>
</tr>
<tr>
<td>Life with 75% Survivor Benefit (10-year Certain) (QOSA)</td>
<td>100% until death</td>
<td>75% until death</td>
<td>75% until 10 years from benefit start date</td>
</tr>
<tr>
<td>Life with 50% Survivor Benefit (10-year Certain) (QJSA)</td>
<td>100% until death</td>
<td>50% until death</td>
<td>50% until 10 years from benefit start date</td>
</tr>
<tr>
<td>Life with Reduced Survivor Benefit (10-year Certain)</td>
<td>100% until death of participant or joint annuitant, then 66.6% to survivor</td>
<td>66.6% until 10 years from benefit start date</td>
<td></td>
</tr>
</tbody>
</table>

**PAYMENT ALTERNATIVES**

For all payment options, you choose from two payment alternatives.

- **Level Payment Alternative:** This alternative provides a monthly payment that remains the same from month to month and year to year.

- **Increasing Payment Alternative:** This alternative is designed to help you manage inflation by starting at a lower monthly payment and then increasing at 4% annually each January.

In the beginning, payments from the increasing payment are about one-third less than the level payment. It takes about 10 years to see monthly increasing payments equivalent to the monthly level payments, and it takes 16 to 18 years for your total payments to equal what you would have received during the same time with the level payment alternative. But even if you live longer than 18 years, your payments will continue to increase at 4% a year. See the example below:

<table>
<thead>
<tr>
<th>Age</th>
<th>Level Payments</th>
<th>Increasing Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>$715</td>
<td>$500</td>
</tr>
<tr>
<td>75 (10 years)</td>
<td>$715</td>
<td>$712</td>
</tr>
<tr>
<td>85 (20 years)</td>
<td>$715</td>
<td>$1,053</td>
</tr>
</tbody>
</table>

It's up to you to decide which payment alternative is right for you. Each situation is different. Contact a DMBA Financial Planner for advice specific to your situation well in advance of your retirement. Generally, you may want to consider the increasing payment if you have:
• a longer life expectancy (you have excellent health, or you or your spouse are still young)

• concern for long-term inflation and a desire to target when you receive the largest cash flow (more for when your health may not be as robust)

• additional financial resources in your early retirement years (retirement income from other employment, part-time employment, or a spouse's employment)

• the ability to live within your means without initially accessing your retirement and investment accounts, such as your Deseret 401(k) Plan account

**LUMP SUM PAYMENTS**

A lump sum payment means that you will receive all the funds from your Master Retirement Plan benefit in one payment. If you qualify for and choose a lump sum payment, you have two options: a lump sum cashout or a direct rollover. Unlike other payment options, a lump sum payment may be available to you if you are younger than 55.

The present value factor used to calculate a lump sum payment changes annually based on current interest rates. This means your lump sum payment amount will change from year to year with the present value factor and your age.

• **Mandatory Lump Sum Payment:** If you end employment and the present value of your vested benefit is less than $5,000, the plan's mandatory distribution provisions apply and your benefit will be distributed to you as follows:

  » If your benefit is less than $1,000, your total benefit will be automatically distributed to you by check and will be subject to tax withholding and possible penalties. If you wish, you can roll this amount over to another qualified plan after receiving the check.

  » If your benefit is at least $1,000 but less than $5,000, you may choose either to roll over your benefit to another qualified plan or to receive a lump sum. If you do not make a distribution or rollover election, your benefit will be distributed from the plan and rolled over to an IRA selected by DMBA.

• **Optional Lump Sum Payment:** If you end employment and the present value of your vested retirement benefit is at least $5,000 but less than $100,000, you may take your benefit in either a lump sum or a monthly benefit payment.

• **Lump Sum Payment Not Available:** If you end your employment and the present value of your retirement benefit is $100,000 or more, you are not eligible to receive a lump sum payment.

• **Direct Rollover:** If you want to roll over your lump sum benefit, you must complete your Retirement Benefits Application online at www.dmba.com. We will send your lump sum to one of these options:

  » your Deseret 401(k) Plan account, if you have one

  » another qualified retirement plan

  » an individual retirement account (IRA)

• **Lump Sum Cashout:** After you complete your Retirement Benefits Application online at www.dmba.com, we will send your lump sum payment directly to you.

When you choose this option, your lump sum payment is subject to a mandatory 20% withholding for federal income tax. If you are younger than 59½, an additional 10% penalty tax may apply. The following
January, we will send you IRS Form 1099-R showing the taxable amount of your lump sum payment and the taxes withheld. (The date of your check determines the year in which your lump sum payment is taxable.) Special income tax considerations for a lump sum payment may affect you. If you have questions about your tax situation, contact your tax advisor.

RE-EMPLOYMENT AFTER RETIREMENT (RETURN TO WORK)

If you return to work with a participating employer after you have begun receiving your Master Retirement Plan benefit, special provisions apply. Please refer to your summary plan description (benefits handbook) for more information.

MORE INFORMATION

For more information, see your summary plan description or visit our website at www.dmba.com and see the information under My Retirement. You can also call Member Services at 801-578-5600 in the Salt Lake City area or toll free at 800-777-3622.
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