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, paid monthly, is called an annuity. It is paid to you for the rest of your life. Some payment options continue to your spouse or beneficiary after your death. An exception to the annuity payment options is the lump sum payment, which is paid just one time. You qualify for a lump sum only if it appears on your calculation of benefits or notice of vested retirement benefits from DMBA. After you begin receiving benefit payments, you cannot change your payment option.

If you are married at the time you retire, federal law requires that your Master Retirement Plan payments be paid to you as the Qualified Joint & Survivor Annuity (QJSA) or the Qualified Optional Survivor Annuity (QOSA) payment option. However, the law also permits DMBA to offer you a number of other payment options. If you want one of the payment options other than the QJSA or QOSA, you must complete and sign the Retiree Election form and your spouse must agree to this payment option by completing and signing the Spousal Consent form.

TERM-CERTAIN PAYMENT OPTIONS

Some of the annuity payment options include a term-certain period. Term certain is a guaranteed period of time the 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). Or the remaining 11 years of a 15-year certain period would be paid to your beneficiary(ies).

- Standard Benefit (10-year Certain & Life)
  The Standard Benefit 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.
  All benefit payment options are calculated based on this Standard Benefit (10-year Certain & Life) payment option.

- 15-year Certain & Life
  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, payment will continue to your beneficiary(ies) for the remainder of the 15 years.

- 20-year Certain & Life
  This payment option provides monthly payment 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.
If you are older than 65 when you retire, IRS regulations may limit the availability of these three payment options to you because of your life expectancy.

• **Joint & Survivor Options**

Married participants have additional options. The joint and survivor payment options 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.

All joint and survivor payment options will pay the participant the full, calculated amount as long as the participant lives. Joint and survivor options provide a smaller monthly payment than the Standard Benefit or the Life Annuity 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 the joint annuitant dies, the participant will continue to receive the full payments (with the exception of the Special Joint & Two-thirds option). However, if the participant dies, the joint annuitant may see a reduction in payments. Again, the joint annuitant will continue to receive these payments 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.

  » Joint & Survivor Options (10-year Certain): The regular joint and survivor payment options provide monthly payments to you for your lifetime.

  If you die before your joint annuitant, he or she will receive monthly payments until his or her death. The amount of each monthly payment to your joint annuitant will be either 100%, 75%, or 50% of the amount of your payment, depending upon the option you choose.

  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.

  » Special Joint & Survivor Two-thirds Option (10-year Certain): The Special Joint and Survivor Two-thirds 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 both you and your joint annuitant die before 10 years from your benefit start date, payments will continue to your beneficiary(ies) for the remainder of the 10 years.

**NO TERM-CERTAIN PAYMENT OPTIONS**

• **Qualified Joint & Survivor Annuity (QJSA) No Term Certain**

The QJSA is a joint and survivor payment option that provides monthly payments to you for your lifetime. If you die before your spouse (joint annuitant), your spouse will receive 50% of the amount of your payments. Unlike most other joint and survivor annuity options, this option does not have a 10-year term certain. The payments stop when both you and your joint annuitant die. Compare this option to the Joint & Survivor 50% Annuity (10-year Certain) option.

• **Qualified Optional Survivor Annuity (QOSA) No Term Certain**

The QOSA is a joint and survivor payment option that provides monthly payments to you for your lifetime. If you die before your spouse (joint annuitant), your spouse will receive 75% of the amount of your payments.
Unlike most other joint and survivor annuity options, this option does not have a 10-year term certain. The payments stop when both you and your joint annuitant die. Compare this option to the Joint & Survivor 75% Annuity (10-year Certain) option.

- Life Annuity (No Term Certain)

The Life Annuity 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.

**PAYMENT ALTERNATIVES**

Use this table 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>Standard Benefit (10-year Certain &amp; Life)</td>
<td>100% until death</td>
<td>Not applicable</td>
<td>100% until 10 years from benefit start date</td>
</tr>
<tr>
<td>15-year Certain &amp; Life</td>
<td>100% until death</td>
<td>100% until death</td>
<td>100% until 15 years from benefit start date</td>
</tr>
<tr>
<td>20-year Certain &amp; Life</td>
<td>100% until death</td>
<td>100% until death</td>
<td>100% until 20 years from benefit start date</td>
</tr>
<tr>
<td>Life Annuity (No Term Certain)</td>
<td>100% until death</td>
<td></td>
<td>Not applicable</td>
</tr>
<tr>
<td>Joint &amp; Survivor 100% (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>Joint &amp; Survivor 75% (10-year Certain)</td>
<td>100% until death</td>
<td>75% until death</td>
<td>75% until 10 years from benefit start date</td>
</tr>
<tr>
<td>Joint &amp; Survivor 50% (10-year Certain)</td>
<td>100% until death</td>
<td>50% until death</td>
<td>50% until 10 years from benefit start date</td>
</tr>
<tr>
<td>Special Joint &amp; Survivor Two-thirds (10-year Certain)</td>
<td>100% until death of participant or joint annuitant, then 66.6% to survivor</td>
<td></td>
<td>66.6% until 10 years from benefit start date</td>
</tr>
<tr>
<td>QJSA (No Term Certain)</td>
<td>100% until death</td>
<td>50% until death</td>
<td>Not applicable</td>
</tr>
<tr>
<td>QOSA (No Term Certain)</td>
<td>100% until death</td>
<td>75% until death</td>
<td></td>
</tr>
</tbody>
</table>

For all payment options, you select from two general payment alternatives.

- **Level Payment Alternative**
  The level payment provides a monthly payment that remains the same, from month to month and year to year.

- **Increasing Payment Alternative**
  The increasing payment 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 ten 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 (excellent health, young retiree or spouse, or life expectancy of surviving spouse)
- concern for long-term inflation and when you want the largest cash flow (more for when you are active or for when your health may not be as robust)
- additional financial resources in your early retirement years (you have 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 means that you will receive all the funds from your Master Retirement Plan benefit in one payment. If you qualify for and select a lump sum, you have two options: a lump sum cash out 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: 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: 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 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:

» Directly to your Deseret 401(k) Plan account, if you have one
» To another qualified retirement plan
» To an Individual Retirement Account (IRA)

• Lump Sum Cash Out

After you complete your Retirement Benefits Application online at www.dmba.com, we will send your lump sum directly to you.

When you elect this option, the lump sum is subject to a mandatory 20% withholding for federal income tax, so you will receive the lump sum minus 20%. And if you are younger than 59½, an additional 10% penalty tax may apply. The following January, we will send you a 1099-R form showing the taxable amount of the lump sum and the taxes withheld. (The date of your check determines the year in which your lump sum 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 benefits handbook for more information.

MORE INFORMATION

For more information, see your summary plan description (benefits handbook) 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.