

Baxter

Your Retirement Guide

A Step-By-Step Checklist



New Look. Easy Access. All for You.

For Retirement-Eligible U.S. Employees



You Are Retiring Soon— Congratulations!

You will be asked to make many important decisions about your Baxter benefits over the next few weeks and months. This guide takes you step-by-step through the Baxter retirement process. It also gives you information about some other things you need to know, do, and consider in order to start your retirement with peace of mind.



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How to Get Started

Call **HRCentral Support** at 1-844-249-8581 (English) or 1-844-249-8803 (Spanish) and from the “Savings, Pension, Stock or Equity” menu select “Pension” then “Initiate Retirement” to speak with a retirement specialist. That specialist will be your single point of contact for the entire process, and he or she will work with you until you retire. Your specialist’s job is to make the retirement process easy, convenient, and hassle-free.

Working With Your Retirement Specialist

Retirement specialists know how important your retirement decisions are. They’ll guide you in completing and returning any required paperwork. They’ll also help you understand:

- What your benefit options are under various Baxter benefit plans.
- The forms and information you’ll receive in the mail about your benefits.
- How to begin your Social Security and Medicare benefits.
- What action steps you need to take and when.



TIP: START THE PROCESS THREE MONTHS OUT

Start the retirement process about three months before you want to stop working. This will give both you and Baxter enough time to get everything in place for a smooth transition.

Online Tools and Information

If you prefer to reach us online, visit the **HRCentral** website for detailed, personalized information about your Baxter benefits and modeling tools that will help you make decisions about your retirement options. You can access **HRCentral** from:

- Inside the Baxter network using a single sign-on connection (no user ID or online password needed).
- Outside the Baxter network by going to **YourBenefits.Baxter.com** (user ID and online password required).

You can start the retirement process online, without the help of a retirement specialist. Of course, you may call a retirement specialist any time you need help.



TIP: REMEMBER YOUR USER ID, ONLINE PASSWORD, AND PHONE PIN

If you connect to **HRCentral** from outside the Baxter network via **YourBenefits.Baxter.com**, you will need to enter your user ID and online password to access your personalized information. If you call **HRCentral Support** to speak to a retirement specialist, you will need to provide your phone personal identification number (PIN).

If you forget your user ID, online password, or phone PIN, you can reset them on the **HRCentral** website or by calling **HRCentral Support** at 1-844-249-8581 (English) or 1-844-249-8803 (Spanish). If you maintain a current mobile phone number on file in Workday and elect to receive text messages from **HRCentral** (see “Manage Communications” under the “My Profile” menu), you can have a one-time access code sent immediately via text message to your mobile phone.



Your Retirement Action Checklist

Use this checklist to keep track of what you need to do as you work through the retirement process.

Your Baxter Benefits

Baxter Pension Plan

What You Need to Know

- The pension plan is designed to provide retirement income to eligible employees. It is funded entirely by Baxter. The pension plan benefit is based on a formula that integrates with Social Security. This means that your pension benefit is offset by the estimated Social Security benefit you would be eligible to receive at age 65.
- If you're vested in a Baxter pension plan and eligible to retire, you'll receive a pension benefit.
- In general, you are fully vested after five years of vesting service or at age 65 while employed by Baxter. You earn one year of vesting service for every calendar year you complete at least 1,000 hours of service.
- You can terminate employment and elect to start receiving your pension benefit at normal retirement (age 65 or later) or at early retirement (prior to age 65) once you reach 65 points. Your benefit may be reduced if you elect to begin receiving it prior to age 65.
- Alight Solutions administers the plan through **HRCentral**.
- Any pension plan payment request or initiation must be made through the **HRCentral** website or the **HRCentral Support** customer service center. You can also request an estimate of your pension benefit at any time.
- See "Pension Payment Considerations" on page 14 for more details.

Important: Choose your retirement date carefully. Your retirement specialist can give you the information you need to help you make the decision that's right for you.

What You Need to Do

- Initiate retirement by either selecting "Get Started" from the Retirement Hub on the **HRCentral** website or by calling **HRCentral Support** at 1-844-249-8581 (English) or 1-844-249-8803 (Spanish) and from the "Savings, Pension, Stock or Equity" menu selecting "Pension" then "Initiate Retirement" to speak with a retirement specialist.
- Generally, you will receive your paperwork within 10 business days. Choose the type of payment you want, as well as how you want to receive it. Have your bank or other account information available to set up direct deposit.
- Return the required forms before your retirement date to make sure your payment won't be delayed.
- If you have questions, call your **HRCentral Support** retirement specialist at 1-844-249-8581 (English) or 1-844-249-8803 (Spanish) or visit the **HRCentral** website.



TIP: USE DIRECT DEPOSIT AND DIRECT DEBIT

Direct deposit makes receiving pension plan payments easy and convenient. Direct debit gives you a hassle-free way to pay Baxter retiree medical insurance premiums. To set up direct deposit or direct debit, have your bank or other account information available as you work through the retirement process.

Retirement Savings Plan

What You Need to Know

- Together with your Baxter pension plan, your Baxter Retirement Savings Plan 401(k) provides another pool of money you can draw from during retirement. Depending on factors such as savings and investment success, your retirement savings may represent a significant component of your retirement income.
- Voya is the administrator for the Retirement Savings Plan.
- All contributions (yours and Baxter's) stop when you retire.
- If you have borrowed money from your account, you must repay any outstanding loan balances by the expiration date of the original term of the loan or three months after your retirement date (whichever is earlier). Otherwise, your outstanding loan balance will be treated as a taxable distribution from your account. If your account balance is more than \$5,000, you may continue to make loan payments. You have the option to re-amortize your loan to a monthly or quarterly payment. Payments may be made by sending Voya a money order, cashier's check, or certified check made payable to State Street Bank. Please be advised loans are considered in default if payment is not received by the end of the quarter following the quarter in which the payment should have been received.
- If your account balance is \$5,000 or less, you will have 90 days after your retirement date to contact Voya and specify how you want to receive your distribution (i.e., paid to you directly or rolled over into an IRA or another qualified plan). If you do not contact Voya and:
 - Your balance is less than \$1,000, your entire account will be paid to you directly in cash after applicable tax withholding; or
 - Your balance is between \$1,000 and \$5,000, your entire account will be rolled over into an IRA in your name with Voya. Certain fees may apply.



- If your balance is more than \$5,000 when you retire, you may either receive your vested account balance immediately or defer payment(s) to a later date. Your benefit is payable as a direct rollover to another qualified plan, lump-sum payment, installment payments (monthly, quarterly, semi-annually, or annually), or partial cash payment.
- In general, you can leave the money in your plan account until age 70½ (or age 72 if born on July 1, 1949 or later), at which time you generally must start taking withdrawals under the required minimum distribution rules.

What You Need to Do

- Update and review your beneficiary data through Voya.
- Decide what form of distribution you would like to receive.
- Initiate the minimum distribution when you reach age 70½.
- Contact Voya when you are ready to initiate payment. You can reach Voya through **HRCentral Support** at 1-844-249-8581 (English) or 1-844-249-8803 (Spanish) or visit <https://Baxter.Voya.com>.

Retiree Medical/Prescription Drug and Dental Coverage

What You Need to Know

- You (and your spouse or other dependents) may be eligible to participate in the Baxter Retiree Medical Plan (which includes prescription drug coverage) upon your retirement. Your retirement specialist can help you determine if you meet the eligibility criteria.
- Coverage ends when you reach age 65. It's important to sign up for Medicare upon turning age 65. See the "Medicare" section on page 10 for details.
- If you are age 65 or older or if your dependent is age 65 or older, you will no longer participate in the Baxter Retiree Medical Plan. Instead you will have the opportunity to choose from multiple insurance carriers and policies through the individual Medicare market to supplement your Medicare coverage. If you or your eligible dependent purchases health insurance coverage through Via Benefits, you or your dependent may also be eligible to receive an annual contribution from Baxter via a Health Reimbursement Account (HRA) Plan. Your retirement specialist can help you determine if you are eligible. Contact Via Benefits at 1-855-241-5718 for assistance in deciding what individual Medicare supplement plan works best for your situation.
- Dental coverage is available through COBRA for 18 months after you retire.
- If you are eligible for and enroll in Baxter Retiree Medical Plan coverage, you can have your premiums deducted from your pension payments, provided the deduction does not exceed 85% of your pension. If you do not set up premium deduction (or your premium exceeds 85% of your pension), you will receive information about direct bill. You may also arrange to pay your premium through direct debit from your account at your bank or other financial institution.

Important: If you are eligible and don't enroll now, you can defer your enrollment to a later date. If you enroll now but drop your coverage, you won't be able to re-enroll.



TIP: USE YOUR HSA IN RETIREMENT

If you have a Health Savings Account (HSA), you can use the money in your account to pay for eligible health care expenses in retirement, as you do today. If you decide to temporarily continue your health coverage through COBRA, you may use the money in your HSA to pay for COBRA coverage. Contact your retirement specialist for more information.

What You Need to Do

- Find out if you're eligible to enroll. Your retirement specialist can help.
- Visit **HRCentral** for more information about your options and decide if you want to enroll. The cost of your Baxter retiree medical coverage may change each year. You'll receive information about pricing changes each fall before benefits enrollment.
- Enroll before your retirement date.
- Have your bank or other account information available to set up direct debit, if you do not want to have premiums deducted from your pension payments.
- Call your retirement specialist at 1-844-249-8581 (English) or 1-844-249-8803 (Spanish) or visit the **HRCentral** website.
- If you (or a covered dependent) reach age 65, enroll in Medicare and contact Via Benefits at 1-855-241-5718 for information about Medicare supplemental coverage.

If you are not eligible to enroll, you may temporarily continue your coverage through COBRA (see page 9).

Flexible Spending Accounts, Income Protection, and Voluntary Benefits

What You Need to Know

- Coverage generally ends on your retirement date.
- You may be eligible for Baxter retiree life insurance coverage. Contact your retirement specialist to learn more.
- You may temporarily continue some coverages through COBRA.
- If participating in a Flexible Spending Account (FSA), your last contribution will be taken from your final paycheck.

What You Need to Do

- You may submit FSA claims for eligible expenses incurred before your retirement date until March 31 of the year following the year in which you retire.



TIP: REMEMBER TO REPORT ADDRESS CHANGES

After you retire, don't forget to let Baxter know when your address changes. To report a change, visit the **HRCentral** website at **YourBenefits.Baxter.com** or call **HRCentral Support** at 1-844-249-8581 (English) or 1-844-249-8803 (Spanish).



COBRA

What You Need to Know

If you are not eligible for Baxter Retiree Medical Plan coverage during retirement, or are eligible and decide not to enroll, you may temporarily continue your coverage, as well as your Health Care FSA contributions, through COBRA.

What You Need to Do

- Decide if you want COBRA coverage.
- Enroll when you receive your COBRA enrollment materials in the mail.
- Have your bank or other account information available to set up direct debit.
- If you have questions, call your **HRCentral Support** retirement specialist at 1-844-249-8581 (English) or 1-844-249-8803 (Spanish) or visit the **HRCentral** website.

Other Resources

Social Security

What You Need to Know

- You may begin receiving a reduced benefit as early as age 62.
- You'll receive a full benefit between ages 65 and 67, depending on your birth date.

Important: Apply for Social Security three months before your retirement date to ensure that your benefits will begin when you need them.

What You Need to Do

- Apply for benefits.
- Visit www.ssa.gov or call **1-800-772-1213**.

Medicare

What You Need to Know

- Medicare is a federal health insurance program for people who are age 65 and older or disabled at retirement. It has three parts:
 - **Part A:** This covers hospital stays, care in skilled nursing facilities, home health care, hospice care, and blood transfusions. Everyone who's eligible for Medicare gets Part A at no charge.
 - **Part B:** This covers doctors' services, outpatient hospital care, and some medical supplies and equipment. It also covers some services that Part A doesn't cover, such as certain physical and occupational therapy and home health care services. Part B, which is optional, has a monthly premium that's deducted from your monthly Social Security benefits.

- **Part D:** This covers prescription drugs. Part D is optional. A monthly premium applies to it. Medicare delivers Part D coverage by contracting with private prescription drug plans. These plans offer standard Part D coverage and may also offer more coverage and additional drugs for higher monthly premiums. See "Medicare Part D" on page 12 for more details.

- If you plan to retire **before** age 65:
 - Generally, you are not eligible for Medicare until you turn 65.
 - You (and your spouse or other dependents) may be eligible to participate in the Baxter Retiree Medical Plan upon your retirement.
 - Your Baxter Retiree Medical Plan coverage will end when you turn 65 and Medicare will become your primary coverage.
- If you plan to retire **at or after** age 65:
 - Your Baxter retiree medical coverage ends when you turn 65 and you become eligible for Medicare.
 - If you are set to start receiving Social Security benefits (or already receive them), you will be enrolled automatically in Medicare Part A and Part B starting on the first day of the month you turn 65.
 - If you are not receiving Social Security benefits, you will need to enroll in Medicare Part A and Part B. Medicare Part B is optional and has a monthly premium. Your initial enrollment period will last for seven months (beginning three months before the month you turn 65). Plan to enroll three months before your 65th birthday.
 - If you continue to have access to employer-sponsored medical coverage after age 65 and decide to dis-enroll or delay Medicare Part B enrollment when you first become eligible, you may have a delay in getting coverage and have to pay a late enrollment penalty in the future.

- If you retire after age 65, you will have a special enrollment period that lasts for eight months (beginning on the last day of your current coverage or your last day of employment, whichever is first). During this special enrollment period, you can sign up for Medicare Part B without any late enrollment penalty.
- When you (or your spouse) reach age 65 and become eligible for Medicare, you will have the opportunity to purchase Medicare supplemental coverage through the Via Benefits marketplace. Contact Via Benefits at 1-855-241-5718 for information about Medicare supplemental coverage. You also may be eligible to receive a subsidy from Baxter to help pay for your Medicare supplemental coverage. Your retirement specialist can help you determine if you are eligible.
- Please note that the person under age 65 remains eligible to participate in the Baxter Retiree Medical Plan (assuming they meet all other eligibility requirements for enrollment) until they reach age 65. If one of you is under 65 and one of you is over 65, the person under 65 can remain in the Baxter Retiree Medical Plan until they also reach age 65.
- Specific information about enrolling in an individual Medicare supplement plan at age 65 will be sent to you shortly before your or your spouse's 65th birthday. You may also contact Via Benefits at 1-855-241-5718 for assistance.

Important: Enroll in Medicare Parts A and B three months before your retirement date to ensure that your benefits will begin when you need them to, and to avoid possible premium penalties.



What You Need to Do

- Enroll in Medicare Parts A and B before you reach age 65 (or earlier if you are disabled).
- Visit **www.ssa.gov** or call **1-800-772-1213**.
- For information about Medicare, visit **www.medicare.gov** or call **1-800-MEDICARE (1-800-633-4227)**.
- Contact Via Benefits at 1-855-241-5718 for information about Medicare supplemental coverage.

Medicare Part D

What You Need to Know

- Medicare Part D covers prescription drugs and is optional. A monthly premium applies to it.
- Medicare delivers Part D coverage by contracting with private prescription drug plans. These plans offer standard Part D coverage and may also offer more coverage and additional drugs for higher monthly premiums.
- Several Medicare prescription drug plans are available in each state, so you'll need to determine which one might meet your needs.
- When you are newly eligible for Medicare (that is, when you reach age 65 or earlier if you are disabled), you may enroll in Medicare Part D during the seven-month period that starts three months before the month you turn 65 and ends three months after the month you turn 65. Enrollment isn't automatic. If you want coverage, you must enroll directly with the private prescription drug plan.
- If you are disabled and eligible for Baxter Retiree Medical Plan coverage under age 65, you will receive prescription drug coverage. Baxter's prescription drug coverage has been certified to be comparable to, or better than, Medicare Part D drug coverage. As a result, you don't need to enroll in Medicare Part D. You can't have both Medicare Part D coverage and Baxter prescription drug coverage. If you enroll in Medicare Part D coverage, you won't be eligible for Baxter medical or prescription drug coverage.
- If you are not eligible for Baxter Retiree Medical Plan coverage, consider if you want to receive Medicare Part D prescription drug coverage.



What You Need to Do

- Review information about Medicare Part D coverage to determine if you want to enroll. Remember that if you enroll in Medicare Part D coverage, you will not be eligible for Baxter's retiree medical or prescription drug coverage.
- Compare the Medicare Part D prescription drug plans that are available to you (they're offered only through private companies) by using the Prescription Drug Plan Finder tool on Medicare's website at www.medicare.gov, or by calling **1-800-MEDICARE (1-800-633-4227)**.
- Enroll directly with the Medicare Part D prescription drug plan of your choice.

Pension and 401(k) Plan Benefits From Previous Employers

What You Need to Know

- Are you eligible for pension plan benefits from past employers?
- Do you have balances in past employers' 401(k) savings plans?

What You Need to Do

- Factor these benefits into your planning.
- Decide how and when you want your benefits paid.
- Contact your past employers and/or financial institutions.

Personal Savings and Other Assets

What You Need to Know

- Your personal savings, including bank accounts, IRAs, brokerage accounts, and other investments, are another important source of retirement income. This may include Baxter equity obtained through the Baxter Employee Stock Purchase Plan (ESPP) and/or the Baxter Stock Option/Restricted Stock Unit Plan.
- If you subscribe to the ESPP, when you retire the balance of your accumulated payroll deductions will be applied toward the purchase of common stock at the next purchase date. Payroll deductions for stock purchase will cease as soon as you receive your last paycheck.
- The ESPP and Baxter Stock Option/Restricted Stock Unit Plan are both administered by E*TRADE. Contact E*TRADE directly for questions about the administration of your accounts after you retire.

What You Need to Do

- Factor these savings into your planning.
- Contact E*TRADE at 1-800-838-0908 (domestic) or 1-650-599-0125 (international) if you have questions about your ESPP and/or Baxter Stock Option/Restricted Stock Unit Plan accounts.
- Contact your other financial institutions.

Estate Planning

What You Need to Know

- An estate plan ensures that you and your beneficiaries get the maximum value from your hard-earned money, both before and after your death.
- You should consider having a will, living trust, durable power of attorney, power of attorney for health care, and/or a living will.
- Estate planning is for everyone, not just wealthy people.

What You Need to Do

- Gather and review all your financial records, current will, etc.
- Contact a lawyer and a financial advisor.
- If you have enrolled in voluntary Legal Benefits coverage, go to www.YouDecide.com/Baxter to learn more about your legal coverage.



Pension Payment Considerations

You'll be asked to choose among several pension plan payment options as part of the retirement process. Your retirement specialist can help you understand your options, and the tax rules that may apply. Because these rules are very complex, you may also consider talking with a qualified financial advisor about your personal situation.

You'll have to pay federal, and where applicable, state income taxes on your pension plan payments and any pre-tax money you take out of the Retirement Savings Plan. Under current federal law:

- You can continue to defer income taxes until you reach age 70½ (or age 72 if born on July 1, 1949 or later) by rolling over lump-sum payments into an IRA or another tax-qualified plan.
- Twenty percent of lump-sum payments must be withheld for tax purposes unless you roll them over directly into an IRA or another eligible retirement plan. The amount that's withheld will be subtracted from what you owe in income taxes for the year in which you took the lump sum.
- You may roll over partial payments from the Retirement Savings Plan. You can't roll over annuity payments.
- Roth contributions are treated differently. Because Roth contributions are taxed at the time you make them, you don't pay taxes on Roth contributions when you withdraw them at retirement. Earnings on Roth contributions are not taxed, providing you are at least age 59½ (or disabled) and the Roth account is at least five years old at the time of distribution.



TIP: REMEMBER TO UPDATE WITHHOLDING AND DIRECT DEPOSIT INFORMATION

After you retire, don't forget to let Baxter know if your direct deposit information changes or if you need to update your federal or state tax withholding. To report a change, visit the **HRCentral** website at **YourBenefits.Baxter.com** for pension or Voya's website at **<https://Baxter.Voya.com>** for 401(k). Or you can call **HRCentral Support** at 1-844-249-8581 (English) or 1-844-249-8803 (Spanish).

Pension Payment Options

Here are some things to consider as you think about what types of payment option(s) might be best for you.

If You...	Consider This...
<p>Defer Payment</p>	<ul style="list-style-type: none"> • Can you live comfortably now if you defer your pension benefits? Can your personal savings or other sources of income meet your needs in the meantime? Your pension benefit usually starts at age 65 or your retirement date, if later. You may choose to defer past age 65, but no later than age 72 (age 70½ if you were born before July 1, 1949).
<p>Take a Single Life Annuity</p>	<ul style="list-style-type: none"> • You'll receive a monthly payment for the rest of your life, and payments will end when you die. • Are you married? Do you have dependents? Will choosing this option hurt their financial security after your death? Do you have life insurance or other income or savings that will support them?
<p>Take a 50%/75%/100% Joint and Survivor Annuity</p>	<ul style="list-style-type: none"> • You'll receive a monthly payment for the rest of your life. When you die, your beneficiary will receive a percentage of your monthly benefit for his or her lifetime. You can choose to continue 50%, 75%, or 100% of your benefit to your beneficiary. • Your monthly benefit will be lower than the amount you would receive with a Single Life Annuity. The benefit amount depends on your age, the beneficiary's age, and the percentage of the benefit that will be paid to the beneficiary when you die. • If you are married and elect a beneficiary other than your spouse, your spouse must consent to this election.
<p>Take a Ten Year Certain and Life Annuity</p>	<ul style="list-style-type: none"> • You'll receive a monthly benefit for the rest of your life. If you die before the benefit has been paid for ten years, your beneficiary will receive payments for the remainder of the ten-year period. • If your beneficiary dies before you and before the ten-year period ends, you may elect a new beneficiary.
<p>Take a Lump Sum</p>	<ul style="list-style-type: none"> • The Baxter pension plan does not provide for voluntary cash out of your pension benefit if the present value is greater than \$5,000. If the value of your pension benefit is greater than \$5,000, it must be paid in monthly payments. • If your pension benefit upon termination has a value of \$5,000 or less, you will be sent a letter advising you of this fact. You must then elect whether to have the benefit paid directly to you, or rolled over to an IRA or another qualified retirement vehicle. If your election is not received in a timely manner, your benefit will automatically be either paid to you in cash if it is not more than \$1,000 or rolled over to Citibank, where an IRA will be set up for you. Your account will normally be established within 90 days after the benefit calculation date. • Lump-sum distributions that are not rolled over directly to an IRA or another qualified retirement plan are subject to a mandatory 20% federal withholding tax immediately upon distribution.

Ask your retirement specialist for more information about your available payment options. If you were part of a merger or acquisition, special provisions may apply. You can call **HRCentral Support** at 1-844-249-8581 (English) or 1-844-249-8803 (Spanish) for more information.

This guide provides a summary of Baxter's retirement benefits. It does not supersede the description of benefits contained in the plan documents. In the event of any discrepancy between this guide and the plan documents, the plan documents will govern. Baxter retains the right to make changes to the plan at any time.