

## Aetna Pension Plan Summary Plan Description

Effective January 1, 2020

This is the Summary Plan Description ("SPD") of the Retirement Plan for Employees of Aetna Inc. (the "Plan"). This SPD will help you, as an Aetna colleague, understand the benefits, rights and obligations available under the Plan.

The Plan document is the governing document, and it contains the definitive rules on topics covered in this summary and unique situations that are not included in this summary (e.g., participants with prior service with multiple companies). For more information, access the myHR website at www.myHR.CVS.com or call myHR at 1-888-MY-HR-CVS (1-888-694-7287) (TTY: 711). Select the pension menu option Weekdays 8 AM to 8 PM.

The Plan is maintained by the Plan Sponsor, Aetna Inc., a CVS Health<sup>®</sup> Company (herein referred to as the "Company"). In the event of a discrepancy between this SPD and the Plan document, the Plan document will govern.

This SPD contains a summary of current Plan guidelines that may be changed by the Company at any time. For information on rights and protections, see the *ERISA* section in this SPD.

## **Table of contents**

#### 1 Plan Overview

- 1 Frozen plan
- 1 Eligibility
- 1 How vesting service is counted
- 2 Plan description
- 2 Annual interest credit
- 2 Annual pension credit
- 2 Transition benefits for certain employees
- 4 Receiving your benefit
- 6 If you become disabled while employed
- 6 Benefit protection if you die
- 7 Applying for payment
- 8 Tax rules and some additional points
- 8 Other rules that can affect your benefits
- 9 The future of the plan
- 10 Final average pay formula

#### 12 ERISA

- 12 Your ERISA rights
- 13 Claims and appeals procedures
- 14 Administrative Details
- 16 Participating companies

## **Plan Overview**

### **Frozen plan**

The Plan is a frozen plan, and no benefits are accruing effective January 1, 2011. This means that effective January 1, 2011, no further pension credits have been received by any participant. Participants who received pension credits prior to 2011 continue to be participants and have an account. Employees who did not receive a pension credit prior to 2011 do not benefit under the Plan. Retirees and terminated participants who had a vested benefit prior to January 1, 2011 continue to be participants in the Plan. If you want further information, call myHR at **1-888-MY-HR-CVS (1-888-694-7287) (TTY: 711)**. Select the pension menu option, weekdays 8 AM to 8 PM.

## **Eligibility**

An employee first hired after December 31, 2009, who would otherwise have been eligible to become a participant, cannot become a participant and cannot accrue a benefit under the Plan. The terms "you" and "yours", when used in this summary of the Plan, do not refer to such employees.

An employee who became a participant prior to January 1, 2011, and who has an account balance continues to be a participant, but they cannot accrue any further pension credits after 2010.

## How vesting service is counted

- The Plan measures service for vesting. If a participant had at least one hour of service in 2008 or later, after three years of vesting service, the participant has a vested right to a benefit from the Plan. Generally, service begins to be credited from your date of hire by the Company. In some cases, there are special rules for companies acquired by Aetna. See the discussion below under Special service rules for employees of certain companies Aetna acquired.
- Generally, service continues to be credited until an eligible employee:
  - Terminates (quits, retires, or is discharged)
  - Dies
  - Ends an approved leave of absence
  - Service ceases to be credited when an employee's employer ceases to be part of the CVS Health controlled group.
  - Eligible employees who return to a CVS Health controlled group company within one year of termination of employment are credited with service for the period of absence.

#### Special service rules for employees of certain companies Aetna acquired

If you are an employee of certain companies Aetna acquired, you may have received service credit for vesting, for some or all of your service prior to the date the other company was acquired by Aetna. If you want further information, call myHR at **1-888-MY-HR-CVS (1-888-694-7287) (TTY: 711)**. Select the pension menu option, weekdays 8 AM to 8 PM.

## **Plan description**

The Plan is a cash balance type of plan. This means your benefit is expressed as a hypothetical account balance.\* Your account balance increases every year, although no pension credits have been added after December 31, 2010. As of December 31 each year, you'll receive interest credits.

\*Although it is referred to as an account, the account is for bookkeeping purposes only. No assets or funds are set aside in an individual account in your name. Rather, the account is used only to determine your Plan benefit and plan assets are held and managed in a single retirement trust.

## Annual interest credit

Your account balance grows each year with interest that is credited as of December 31. Interest is based on the average 30-year U.S. Treasury bond rate for October of the preceding calendar year and is applied to the value of your account as of the beginning of the current year. The average 30-year U.S. Treasury bond rate for October 2019 was 2.19 percent and is being used to determine the interest credit for 2020.

For example: Let's say your account balance on January 1, 2020, is \$10,000. As of December 31, 2020, your account balance is credited with interest equal to the average 30-year U.S. Treasury bond rate for October 2019. Since this rate was 2.19 percent in October 2019, your account would be credited with interest of \$219 (\$10,000 x 2.19 percent) on December 31, 2020.

Interest credits will continue to be added to your account balance (or the remaining portion) annually until no account balance remains as a result of distribution elections. Your account balance will be zero after you, if eligible, receive a lump-sum payment of 100 percent of your account balance, or when you commence receiving annuity payments.

If you terminate your employment with a vested benefit, your account balance (or the remaining portion) will continue to earn interest credits annually until no account balance remains as a result of distribution elections.

## **Annual pension credit**

Effective January 1, 2011, no further pension credits were or will be received by any participant. For years prior to 2011, an annual pension credit was added to the account balance of a participant who met certain plan requirements. Please see pre-2011 SPD for more information regarding annual pension credits.

## **Transition benefits for certain employees**

A minimum benefit was provided to certain plan participants to ensure a smooth transition from a prior plan formula to the cash balance approach.

#### Employees in the Aetna Pension Plan on December 31, 1998

If you are an Aetna Transition Participant (see definition to follow), your benefit continued to be calculated under the previous final average pay formula until December 31, 2006. Effective January 1, 2007, you ceased to accrue benefits under the final average pay formula. (See *Final* 

*average pay formula* at the end of this section for an explanation of the final average pay formula.)

As an Aetna Transition Participant, when you terminate your employment with a vested benefit, the following two benefit amounts will be compared:

- The lump-sum value of your benefit under the final average pay formula, counting service and pension-eligible pay earned through December 31, 2006 (except that service after December 31, 2006 is counted solely to determine eligibility for subsidized early retirement), and
- Your account balance as of December 31, 2006, plus interest credits through your termination date.

The greater of these two amounts will be added to the post-December 31, 2006, portion of your account balance, which includes pension credits and related interest credits made under the Plan after December 31, 2006. This sum becomes your account balance upon termination of your Aetna employment.

#### **"Aetna Transition Participant" defined**

An Aetna Transition Participant is someone who was an active participant in the Plan as of both December 31, 1998 and January 1, 1999. If an Aetna Transition Participant terminates employment and is subsequently rehired, they are no longer an Aetna Transition Participant.

## Calculating the lump-sum value of your benefit under the final average pay formula

In calculating the lump-sum value of your benefit under the final average pay formula, as described above, certain factors will be considered (interest rates, your life expectancy based on your age at termination of employment and your eligibility for subsidized early retirement). This calculation will be made when you terminate service.

The final average pay formula provides for a subsidized early retirement — an early retirement benefit that is more valuable than the actuarial equivalent of your normal (age 65) retirement benefit. Under the final average pay formula calculation referred to above, if you have completed 15 years of service when you terminate from service, you are eligible to receive the lump-sum value of the subsidized early retirement benefit on the date you terminate from service.

If you continue to work after you are eligible for early retirement, for every year (or portion thereof) that you delay terminating from service, the lump-sum value of your subsidized early retirement benefit generally will be lower (changes in interest rates also will impact the lump-sum value of your benefit). If you keep working until age 65, the subsidized early retirement benefit will have no value because you did not terminate from service early. In summary, once you reach 15 years of service, the age at which you terminate from service can have a material impact on the calculation of the lump-sum value of your final average pay formula benefit.

The applicable interest rates used for this calculation are determined for each year based on rates announced by the Internal Revenue Service for October of the preceding year. Up to three different interest rates are blended to calculate your lump-sum. The applicable interest rates used in the year you terminate employment is important in determining the lump-sum value of your final average pay benefit. For example, assume you leave Aetna at age 65 and your final average pay benefit would be \$2,000 per month. The lump-sum value would be \$375,000, assuming the blended equivalent interest rate was 4 percent. The chart on the following page shows how the same final average monthly amount would be valued as a lump sum if the blended equivalent interest rate were 3 percent to 5 percent. Future cost-of-living increases are also built into your lump sum value.

You should keep in mind that the year in which you terminate employment determines the applicable interest rates and cost-of-living adjustment factor used and that these rates affect the size of your cash balance account. As an added protection for you, however, if you elect to defer commencement of your benefit until later, the comparison is done again when you commence your benefit. This time the applicable interest rates are the rates in effect for the year in which you receive your lump sum or begin your annuity.

If the subsequent calculation produces a larger value than your cash balance account at that time, the cash balance account will be raised to this higher amount. If the calculation produces a smaller value, no adjustment is made.

As you can see, a lower interest rate produces a higher lump-sum value. The lump sums shown include the value of future cost-of-living increases that are available to Transition Participants.

If your final average pay monthly benefit is	And the IRS applicable interest rate	Your lump-sum value would be about
\$2,000	3%	\$418,000
\$2,000	4%	\$375,000
\$2,000	5%	\$339,000

## **Receiving your benefit**

#### When you are vested

Effective January 1, 2008, if you had at least one hour of service in 2008 or later, you become vested (in other words, you will have a nonforfeitable right to your benefit) after three years of service. Once vested, you can begin receiving your benefit from the Plan when you terminate your employment with the Company.

#### When you can receive benefits

You are not required to reach a certain age before you can receive your benefits. No matter your age, the Plan allows you to commence receiving your vested benefit whenever you terminate your employment. Alternatively, you can defer part or all of your benefit up to age 72 (age  $70\frac{1}{2}$  for participants born before July 1, 1949) in most cases (as such age may be updated by the Plan and regulations).

Unless you elect to roll it over, your account balance will automatically be paid to you in a lump sum when you terminate employment, if your account balance is \$1,000 or less. If your account balance is between \$1,000 and \$5,000, it will not be paid to you unless you elect to receive a lump sum. Instead, there will be an automatic rollover of your account balance to an Individual Retirement Account (IRA). The IRA will be invested in an investment product designed to preserve principal and provide a reasonable rate of return and liquidity. All fees and expenses will be allocated to the IRA. Contact myHR at **1-888-MY-HR-CVS (1-888-694-7287) (TTY: 711)** and select the pension menu option, weekdays 8 AM to 8 PM for further information regarding the Plan's automatic rollover provisions, the IRA provider and IRA fees and expenses.

If your account balance exceeds \$5,000, you can choose to take your entire benefit in the traditional monthly installments for life (an annuity). But your benefit is also portable, meaning that generally, you can choose to take it as a lump sum (see below).

Here's a brief look at your options. More information will be provided when you terminate your employment.

**Partial lump sum** — This option allows you to take 50 percent of your vested benefit as a single cash payment, with any remaining amount paid as an annuity (see below). You can request a lump-sum distribution only once.

You can roll over any lump sum you receive into the CVS Health Future Fund 401(k) Plan, an IRA or other tax-qualified plan to avoid paying taxes and penalties at that time. (You may also roll over a lump sum into a Roth IRA. Because there are tax consequences to this type of rollover, you should discuss this option carefully with your tax advisor before proceeding.)

If you roll over a lump sum from the Plan to the CVS Health Future Fund 401(k) Plan, the money will be invested as specified on the *Rollover Contribution* form. In the absence of a *Rollover Contribution* form, your rollover will be invested according to your existing investment elections, or in the Target Retirement Fund that most closely matches your Social Security full retirement age, if you have no investment elections.

# If you do not elect to roll over your lump sum, you may have your lump sum distributed directly to you and pay taxes and penalties (depending on your age) as described below in Tax rules and some additional points.

**Life annuity** — This option provides you with a series of monthly payments payable to you over your lifetime.

**Life annuity with 10-year certain provision** — You will receive a reduced benefit for your lifetime, with payments guaranteed for 10 years, even if you die before the end of that time. After all guaranteed payments are made, payments will stop upon your death.

**50 percent/75 percent/100 percent joint and survivor annuity option** — This option pays you a reduced monthly payment over your lifetime. When you die, a percentage of your benefit (50 percent, 75 percent or 100 percent, as you elect) continues to be paid to your surviving joint annuitant, whom you designate prior to commencement of annuity payments. You may not change your designated joint annuitant once payments begin.

**Full cash refund annuity** — This option provides you with a series of reduced monthly payments payable to you for your lifetime. When you die, your beneficiary will receive a lump sum equal to the excess, if any, of the initial value of your account at commencement over the sum of the pension payments you received.

In addition to the options described above, an Aetna Transition Participant (see definition earlier in this section) may choose any of the annuity options offered under the Plan as of December 31, 1998, which include an annuity with Social Security offset commencing at age 62 and an annuity with annual cost-of-living adjustments (which can be either positive or negative, but will never reduce your annuity below its initial value), if you are:

- At least age 50 with 15 or more years of service at the time payments begin, or
- At least 65 at the time payments begin.

The options under the Plan as of December 31, 1998, will not be available to you if you choose a partial lump-sum option.

For information regarding additional annuity options, go to www.myHR.CVS.com or call myHR at **1-888-MY-HR-CVS (1-888-694-7287) (TTY: 711)**. Select the pension menu option, weekdays 8 AM to 8 PM.

**Note:** Keep in mind that, in accordance with the law, if you are married, you need your spouse's written, notarized consent to choose any distribution option other than a 50 percent joint and survivor annuity with your spouse as your joint annuitant.

#### Effect of interest rates on your annuity payments

When you elect to commence your annuity, your account balance (or remaining account balance if you elected a partial lump sum) will be converted to a monthly life annuity based on certain factors (interest rates and life expectancy based on your age at commencement). This calculation will be made only once, so your monthly payments for the duration of the annuity will be based on these factors. The applicable interest rates used for this calculation are determined for each year based on rates announced by the Internal Revenue Service for October of the preceding year.

The applicable interest rates for the year in which you commence your annuity are important in determining the monthly amount you receive for the entire period of the annuity. For example, assume you were to commence payments at age 61 and your account balance was \$328,000. Your monthly annuity, assuming a blended equivalent interest rate of 4 percent, would be about \$1,800 per month.

In determining the year in which you wish to commence your annuity benefit, you should consider the impact of the applicable interest rate. This is especially true late in the year when the interest rate that will be used for the following year has already been announced.

You may have the opportunity to have your annuity determined using the current year's applicable interest rates or, by deferring commencement for a month or two, using the rates that will be in effect for the following year. The higher the interest rates, the higher the monthly annuity that will result when your account balance is converted into an annuity. If you are an Aetna Transition Participant, see also *Calculating the lump-sum value of your benefit* in this section. The impact of the interest rates on a lump sum is the opposite of the impact on an annuity; the higher the interest rate, the lower the lump sum amount.

## If you become disabled while employed

If you become totally disabled and qualify for long-term disability (LTD) benefits, you can continue to participate in the Plan until the earliest of the following three dates: (1) the date your LTD benefits cease, (2) the date of your receipt of any distribution under this Plan, or (3) the date your employment with the Company terminates. (But keep in mind that no benefits accrue after December 31, 2010.) Effective January 1, 2020, your employment with the Company will terminate after 12 months of disability.

Note: If you became disabled prior to January 1, 2002, different rules apply.

## Benefit protection if you die

#### Participants who die while actively employed by the Company

If you are a participant and die while actively employed by the Company, your beneficiary will be eligible to receive the benefit you would have received had you terminated employment with a vested benefit on that date. If you are married, your spouse automatically will be your beneficiary. (If you attain age 35 or older during the year, with your spouse's written, notarized consent, you can choose a different beneficiary.)

Prior to January 1 of the year you reach age 35, you cannot choose a different beneficiary.

Your beneficiary's benefit may be in the form of any one of the following, as elected by the beneficiary:

- A single life annuity
- A single life annuity with full cash refund
- Full lump sum of entire cash balance account

In accordance with law, a spouse beneficiary will receive information explaining that the benefit will be paid in the form of a single life annuity (that is, a qualified pre-retirement survivor annuity), unless the spouse beneficiary elects another form described above.

Generally, your spouse may defer payment for up to five years after your death (or in the case of an annuity, until the last day of the calendar year the Participant would have reached age 72 (70 ½ if the Participant was born before July 1, 1949). Any non-spouse beneficiary may defer payment of an annuity for up to one year, and of a lump sum for up to five years. A rollover of a lump sum may be an available option. A spouse or other beneficiary who wishes to elect a rollover should first consult with a tax advisor.

Where the spouse rules described above do not apply, you may designate a beneficiary. In the absence of an effective beneficiary designation, your beneficiary will be your spouse if you are married, your children otherwise, or your estate if you have no spouse or children. A beneficiary may also designate a beneficiary, but in the absence of an effective beneficiary designation, the beneficiary's estate will be the beneficiary of the beneficiary.

## Participants who terminate and defer election of some or all of their benefit, and then die

If you are a participant who terminates employment with a vested benefit, defers election of a benefit for some or all of the cash balance account, and then dies, your benefit will be distributed to your beneficiary. (The beneficiary is your spouse, unless you elected otherwise, and your spouse provided appropriate consent.) Regardless of your age, once you terminate employment, you may designate a beneficiary with appropriate spousal consent. The forms and timing of death benefits are described in *Participants who die while actively employed by the Company* in this section. **Caution:** If you have already commenced annuity payments before you die, the only death benefit payable is the one, if any, provided by the annuity option you chose.

## **Applying for payment**

If you are planning to commence your pension benefit upon termination, please go to www.myHR.CVS.com or call my HR at **1-888-MY-HR-CVS (1-888-694-7287) (TTY: 711)** and select the pension menu option, weekdays 8 AM to 8 PM.at least 30, but no more than 90, days prior to your commencement date. If you die while employed, your beneficiary will be provided with details about payment options. Otherwise your beneficiary can call **1-888-MY-HR-CVS (1-888-694-7287) (TTY: 711)** and select the pension menu option, weekdays 8 AM to 8 PM. to elect a distribution.

If you apply for a payment and disagree with the amount you receive, you have the right to file and claim and/or an appeal. See the *ERISA* section of this SPD for details.

## **Tax rules and some additional points**

#### Tax rules

Special tax rules apply to payments from the Plan. They can affect your decision about the timing and form of payment you receive when you terminate. The rules are complicated and are subject to change, so you may want to check with a tax advisor before you choose to receive payment.

In general, when you receive a distribution from the Plan, the full amount you receive is taxable in the year it is paid to you. In addition, these tax rules generally apply:

- The IRS requires companies to withhold 20 percent of the taxable portion of an eligible rollover distribution (any payment other than an annuity). This withholding is an advance, estimated payment on the income taxes you may owe. Depending on your situation, you may owe more or less taxes when you file your annual return. The only way you can avoid the 20 percent withholding requirement is by asking the Company to make a "direct rollover" of all or part of your taxable lump-sum payment to an IRA or another plan that accepts rollovers, such as the CVS Health Future Fund 401(k) Plan. You will receive more information about direct rollovers when you terminate.
- To continue deferring taxes, you can make a rollover of an eligible rollover distribution. If you make a direct rollover, your check from the Plan will be prepared in the name that you provide for the trustee for the IRA, other qualified plan, 403(b) plan or governmental 457 plan (if the plan accepts rollover money). In this way, you avoid the automatic 20 percent federal income tax withholding. If you do not make a direct rollover, you still have 60 days after you receive the payment to make a rollover on your own. However, in this case, the 20 percent withholding will still be taken from your payment. If you roll the distribution to an IRA, other qualified plan, 403(b) plan or governmental 457 plan, you can use other funds to replace the 20 percent withheld. The federal income tax withheld may then be recovered when your tax return is filed.
- In general, a 10 percent penalty tax for early distribution applies if you receive a payment before age 59½, unless you retire or terminate employment in the year you reach age 55 or later and payment is made after you leave. This penalty is not withheld from your payment; you will be responsible for paying this additional tax when you file your tax return. The penalty does not apply to annuity payments under the Plan. In addition, the penalty does not apply when payment is due to disability, death or when needed to pay for medical expenses that are not reimbursed in excess of 10 percent of your adjusted gross income.
- In unusual circumstances, distributions may qualify for special tax rules. These special rules include 10-year averaging and capital gains treatment. There are complicated rules on the repeal or grandfathering of these rules. You should consult your own tax advisor.
- Your distribution also may be subject to state and local income taxes when you receive it. (If state income tax applies, you must complete the appropriate state withholding form.)

Additional tax information will be provided to you when you are making your distribution decision.

### Other rules that can affect your benefits

Here are some additional points you should know about the Plan and federal law:

Your benefit from the Plan is meant solely for you or your beneficiary, if you should die. It cannot be assigned to someone else (a creditor, for example), with two exceptions: (1) the Plan will honor a valid qualified domestic relations order (QDRO) relating to provisions for child support, alimony payments or marital property rights; and (2) the

Plan will honor a judgment, order, decree or settlement requiring you to repay the Plan and arising out of a conviction for a crime involving the Plan or certain violations of ERISA. If the Plan Administrator receives such an order, you will be notified of how it will be handled with respect to your benefit. For information, or to receive a copy of the plan's QDRO procedures, call myHR at **1-888-MY-HR-CVS (1-888-694-7287) (TTY: 711)**.

- Government rules place certain limits on the benefits payable to highly paid employees from the Plan. If you're affected by these rules, your benefit payments from the Plan will be limited to the amount allowed by law.
- If the total value of benefits for certain key employees exceeds 60 percent of the total benefits payable from the Plan in a year, certain alternate plan provisions become effective.

## The future of the Plan

The Plan was amended in 2010 to cease all accruals of benefits. The Plan now is a frozen plan, and no benefits are accruing effective January 1, 2011.

The Company reserves the right to change, suspend or end the Plan in the future. Any description or examples in this summary that refer to future years are subject to change in the event of amendment or termination of the Plan. Certain Plan provisions and federal laws ensure that your benefit rights earned before the time of any change will be protected.

If the Plan is terminated, each participant will be entitled to the benefits accrued to the date of termination, to the extent that such benefits are funded, and subject to any change required by ERISA or any applicable laws.

In the event of termination, the Plan's available assets will be allocated in accordance with federal law. With the consent of the Internal Revenue Service and the Pension Benefit Guaranty Corporation (PBGC), any Plan assets remaining after the satisfaction of the above benefit liabilities can be distributed to the Company.

#### **Pension Benefit Guaranty Corporation (PBGC)**

Certain benefits under the Plan are insured by the PBGC, a federal insurance agency.

If the Plan terminates without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits.

The PBGC guarantee generally covers (1) normal and early retirement benefits, (2) disability benefits if you become disabled before the plan terminates, and (3) certain benefits for your survivors. The PBGC guarantee generally does not cover (1) benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates; (2) some or all of the benefit increases and new benefits based on plan provisions that have been in place for fewer than five years at the time the plan terminates; (3) benefits that are not vested because you have not worked long enough for the Company; (4) benefits for which you have not met all of the requirements at the time the plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the plan's normal retirement age; and (6) nonpension benefits, such as health insurance, life insurance, certain death benefits, vacation pay and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money the plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, contact the PBGC's Technical Assistance Division, 1200 K Street NW, Suite 930, Washington, DC 20005-4026 or call **1-800-400-7242** (not a toll-free number). TTY/TDD users may call the federal relay service toll free at **1-800-877-8339** and ask to be connected to **1-800-400-7242**. Additional information about the PBGC's pension insurance program is available through the PBGC's website at **PBGC.gov**.

## Final average pay formula

The final average pay formula described below is used solely for Aetna Transition Participants and only for years through 2006 or termination of employment, if earlier, as described previously. This is just a brief description of the plan in effect on December 31, 1998. Certain exceptions apply. A copy of the prior plan benefit formula will be provided upon request.

The benefit produced by the final average pay formula provides an annual income at retirement equal to a percentage of your average earnings.

Prior to January 1, 2006, "average earnings" was calculated by averaging monthly earnings over the period of 60 consecutive months, which gave the highest average out of the last 120 months of employment. For active participants on January 1, 2006, the highest 60-consecutive-month average out of the last 180 months of employment was used. The more benefit accrual service you had (up to 35 years), the higher the replacement percentage is, up to 52.5 percent. The Company reduces this amount with a prorated portion of your Social Security benefit (up to 50 percent) that the Company has helped to fund.

The basic steps to the benefit formula are:

**Step 1**: 1.5 percent multiplied by benefit accrual service through December 31, 2006 (35-year limit).

Step 2: Your average earnings through December 31, 2006, multiplied by the percentage in Step 1.

**Step 3**: The Company prorated Social Security benefit for you based on earnings through December 31, 2006, multiplied by the percentage in Step 1, to a maximum of 50 percent.

Step 4: Step 3 is subtracted from Step 2.

The result in Step 4 is the annual benefit you can receive if you retire at age 65 or later. There is also a minimum benefit equal to 50 percent of the result in Step 2. You receive the greater of the result in Step 4 or this minimum.

The final average pay formula calculation that will be made on your termination from service date will be based on the above formula and also will give you credit, if applicable, for the early retirement (age 50 and 15 years) and cost-of-living features of the Plan in effect on December 31, 1998. Service after 2006 is counted solely to determine eligibility for subsidized early retirement.

The final average pay formula provides for a subsidized early retirement — an early retirement benefit that is more valuable than the actuarial equivalent of your normal (age 65) retirement

benefit. Under the final average pay formula calculation referred to above, if you have completed 15 years of service when you terminate from service, you are eligible to receive the lump-sum value of the subsidized early retirement benefit on the date you terminate from service.

If you continue to work after you are eligible for early retirement, for every year (or portion thereof) that you delay terminating from service, the lump-sum value of your subsidized early retirement benefit generally will be lower (changes in interest rates also will impact the lump-sum value of your benefit). If you keep working until age 65, the subsidized early retirement benefit will have no value because you did not terminate from service early. In other words, if you work until age 65, you lose the value of the early retirement subsidy. In summary, once you reach 15 years of service, the age at which you terminate from service can have a material impact on the calculation of the lump sum value of your final average pay formula benefit.

The precise method and actuarial assumptions used in the comparison of (1) the lump-sum value of your final average pay benefit and (2) your cash balance account balance as of December 31, 2006, plus interest credits through your termination date, are set forth in the Plan document.

For more information, please visit the website at **www.myHR.CVS.com** or call myHR at **1-888-MY-HR-CVS (1-888-694-7287) (TTY: 711)**.

## ERISA

## **Your ERISA rights**

This SPD describes the principal features of the Plan and should not be considered the Plan document. The complete terms of the Plan are set forth in the Plan document, and the terms of which will govern.

The benefits and principal provisions as described in this SPD are effective only if you are and continue to be eligible for those benefits in accordance with the provisions of the Plan.

As an eligible employee or beneficiary covered by or participating in the Plan described in this SPD, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). The intent of this SPD is to meet the ERISA summary plan description requirements for this plan. However, in the event of any discrepancy between the official Plan document and this SPD, the Plan document will govern.

#### **Receiving information about your plan and benefits**

As a participant in (or beneficiary of) the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all plan participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as work sites, all documents governing the plan, including plan documents and a copy of the latest annual report (Form 5500 series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration (EBSA).
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the plan, copies of the latest annual report (Form 5500 series) and Plan document. The administrator may charge a reasonable fee for copies.
- Receive each year (as required by law) a summary of the Plan's annual financial report.
- Receive a copy of the procedures used by the Plan for determining a Qualified Domestic Relations Order (QDRO).
- Obtain, upon written request and without charge, a statement once every 12 months telling you the date on which your pension benefits become or will become "vested" (which means that they cannot be forfeited) and what, if any, vested benefits you have accumulated so far that is, what your benefits would be at retirement age if you stop working now.

#### **Prudent actions by plan fiduciaries**

ERISA also imposes these obligations upon the Plan fiduciaries (the people who are responsible for the operation of the Plan):

- The fiduciaries must operate the Plan prudently, in your interest, and in the interest of other participants and beneficiaries.
- You cannot be fired, disciplined or discriminated against in any way with the intention of interfering with or preventing you from obtaining a benefit or exercising your rights under ERISA.
- If your benefits claim is denied, in whole or in part, you must receive a written explanation for the denial. You have the right to have the Plan Administrator review and reconsider your claim.

#### **Enforcing your rights**

Under ERISA, there are steps you can take to enforce these rights. For example:

- If your benefits claim is denied or ignored, in whole or in part, you have the right to know why this was done, to obtain documents relating to the decision without charge and to appeal any denial, all within certain time schedules.
- If you request materials from the plan and don't receive them within 30 days, you may file suit in a federal court. In such case, unless there were reasons beyond the plan's control, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive them.
- If you have a claim for benefits that is denied or ignored, in whole or in part, you may file a suit in a state or federal court after you have exhausted the plan's claim denial and appeal procedures.
- If you disagree with the plan's decision, or the lack thereof, concerning the qualified status of a domestic relations order you may file a suit in a federal court.
- If the plan fiduciaries misuse the plan's money or you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or file a suit in a federal court. The court will decide who will pay court costs and legal fees. If you're successful, the court may order the person you have sued to pay those costs and fees. If you lose, the court may order you to pay these costs and fees (if, for example, it finds your claim frivolous).

#### Assistance with your questions

If you have questions about the Plan, contact the Plan Administrator at myHR at **1-888-MY-HR-CVS (1-888-694-7287) (TTY: 711)**. Select the pension menu option Weekdays 8 AM to 8 PM.

If you have any questions about your rights under ERISA, contact the nearest area office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor, listed in the telephone directory, or you may write to:

Division of Technical Assistance and Inquiries Employee Benefits Security Administration U.S. Department of Labor 200 Constitution Ave. NW Washington, DC 20210

You also may obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the EBSA.

### **Claims and appeals procedures**

You may file claims for benefits with the Plan Administrator and appeal adverse benefits determinations either yourself or through an authorized representative. An "authorized representative" means a person you authorize, in writing, to act on your behalf. A court order giving a person authority to submit claims on your behalf will also be recognized as your authorized representative. Any reference to "you" in this section includes you and your authorized representative.

#### **Decision on a Claim**

If your claim for benefits is denied in full or in part, you will be notified in writing within a reasonable period of time not longer than 90 days after you file the claim. This time limit may be extended for another 90 days in special cases, but you'll be notified of the reasons for any delay.

Any notice of denial will state the reasons for the denial, the Plan provisions on which the denial is based, a description of any additional information or material required to perfect your claim, why such information is necessary, and the procedure you must follow to have the Plan Administrator review your claim (including a statement that you have the right to bring a civil action following an adverse determination or review).

#### Appealing a denied claim

If your claim is denied, you may submit a request for review of the denied claim to the Plan Administrator. You must request the review within 60 days after the claim is denied. Your request must be submitted in writing and include reasons for requesting the review. You may also submit written comments, documents, records and other information relating to your claim, even if the comments, documents, records or information were not submitted in connection with the initial claim. You may also request that the Plan provide you, free of charge, copies of all documents, records and other information relevant to the claim.

You will be notified of the decision reasonable period of time not later than 60 days after the appeal is received. The time frames for deciding an appeal may be extended for up to an additional 60 days if special circumstances require an extension of time for processing your appeal. In that case, you will receive an extension notice that explains the special circumstances and indicates the date on which the Plan expects to make a determination. The extension notice will be provided to you before the end of the initial 60 day time frame for deciding the appeal. If your appeal is denied, the Plan Administrator will send you a detailed written statement explaining the reasons why it was denied along with a description of the Plan's review procedures.

#### Exhaustion of internal claims and appeals process

Generally, you are required to complete the claims and appeals process of the Plan before being able to bring an action in litigation. However, if the Plan or its designee does not strictly adhere to all claims determination and appeal requirements under applicable federal law, you are considered to have exhausted the Plan's appeal requirements ("deemed exhaustion") and may pursue any available remedies under §502(a) of ERISA or under state law, as applicable. There are limits, though, on what sends a claim or appeal straight to litigation. Your claim or internal appeal may not go straight to litigation if:

- A rule violation was minor and is not likely to influence a decision
- It was for a good cause or was beyond the plan's or its designee's control
- It was part of an ongoing good faith exchange between you and the plan

Any legal action (other than an alleged breach of fiduciary duty action governed by the terms of ERISA Section 414) must be brought within one year after the exhaustion of the Plan's claims and appeals process.

## **Administrative details**

#### **Plan sponsor**

Aetna Inc.

#### Address inquiries to:

Plan Sponsor of the Retirement Plan for Employees of Aetna Inc. Aetna Corporate Compensation and Benefits, REAG 151 Farmington Avenue Hartford, CT 06156

#### **Committees and Plan Administrator**

The Plan is managed by the following committees: the Benefit Plans Committee, the Benefit Plans Administrative Subcommittee, and the Benefit Plans Investment Subcommittee. The Benefit Plans Committee is appointed by the CVS Health Board of Directors. The Benefit Plans Committee appoints and has oversight responsibility for the Administrative Subcommittee and the Investment Subcommittee.

The Administrative Subcommittee is responsible for the administration of the Plan (the "Plan Administrator") and supervises the operation of the Plan and has full discretionary authority to interpret the Plan's provisions.

The Investment Subcommittee is responsible for selecting and monitoring the investments held by the Plan's trust.

The committees and Plan Administrator may be contacted at the following address:

Retirement Plans Administration CVS Health Corporation One CVS Drive, MC 1110 Woonsocket, RI 02895 (866) 222-9438

The Plan Administrator has the authority to construe and interpret the Plan and has the sole right to make rules and procedures necessary or proper for the administration of the Plan and the transaction of business, including but not limited to, determining eligibility for benefits. The Plan Administrator's decisions are final and binding, and the Plan Administrator may delegate its powers to any person or entity.

The committees may delegate various duties and responsibilities to one or more employees or agents of CVS Health or an affiliate.

#### **Claims and Appeals**

Address claims for benefits to :

Retirement Plans Administration CVS Health Corporation One CVS Drive, MC 1110 Woonsocket, RI 02895

Address appeals of adverse claim determinations to:

ERISA Appeals Committee CVS Health Corporation One CVS Drive, MC 1110 Woonsocket, RI 02895

#### Plan year

Employee records relating to the Plan is kept on a plan-year basis. The plan year is January 1

through December 31.

#### **Employer identification number (EIN)**

Refer to this number to obtain Plan information from the U.S. Department of Labor or Internal Revenue Service: 23-2229683. For periods prior to December 13, 2000, the EIN to use is 06-0843808.

#### Agent for service of legal process

Person to contact in legal matters: Vice President and Deputy General Counsel Aetna Inc. 151 Farmington Avenue, RC6A Hartford, CT 06156

#### **Plan amendment**

The Company retains the right to amend or terminate some or all of its benefits at any time, with or without notice.

#### No right to continued employment

The Company is an "at-will" employer and makes no representation that employment with the Company represents lifetime security or a guarantee of continued employment. While the Company hopes that its employment relationship with its employees will be mutually enjoyable and lasting, the Company may terminate your employment at any time, with or without cause or notice, and you may do the same. Any modifications of this arrangement must be in writing and must be signed by the chairman of the Company or the executive vice president, the Aetna Benefits Center, or their designee.

### **Participating companies**

The information below is as of January 1, 2020, but may change from time to time.

Aetna Dental of California Inc. Aetna Health of California, Inc. Aetna International, Inc. (U.S. employees only) Aetna Medicaid Administrators, LLC\* Aetna Resources LLC

In addition, individuals who were previously employed by one of the following companies are also not eligible to participate in the Retirement Plan for Employees of Aetna Inc.:

Active Health Management, Inc. Aetna Rx Home Delivery, LLC Aetna Specialty Pharmacy, LLC American Health Holding, Inc. bswift, LLC Claims Administration Corp. Group Dental Services, Inc. Medicity, Inc. Meritain Health, Inc. PayFlex Systems USA, Inc. Phoenix Data Center Hosting Service LLC Scrip World, LLC **Note:** Individuals who were previously employed by Aetna Life Insurance Company and who commenced employment with Aetna in conjunction with a certain membership purchase agreement among Horizon Health Corporation, Psychiatric Solution, Inc. and Aetna Financial Holdings, LLC, dated as of July 31, 2009, do not participate in the Aetna Retirement Plan for Employees of Aetna, Inc.

Plan name	Plan number	Plan type	Funding method/third-party administrator (IF APPLICABLE)	Trustee
Retirement Plan for Employees of Aetna Inc.	003	Defined benefit plan — frozen	Separate accounts and group annuity contract with Aetna Life Insurance Company	JP Morgan Attn: Worldwide Insurance Services 4 Chase Metrotech Center – 11th Floor Brooklyn, NY 11245
		administrative services	Recordkeeping and certain administrative services performed by Alight Solutions	



#### Important Information Regarding an Update to the Summary Plan Description for the Retirement Plan for Employees of Aetna Inc. (the "Aetna Pension Plan")

This notice <sup>i</sup> clarifies some of the information contained in the Summary Plan Description ("SPD") that describes the Aetna Pension Plan as of January 1, 2020. Please retain a copy of this notice with your SPD.

The description of the partial lump sum optional form of benefit in the SPD is being updated to clarify that the ability to roll over a partial lump sum distribution from the Aetna Pension Plan to a different tax-qualified plan is subject to the accepting plan's rollover rules. This section, which is on page 5 of the SPD, is revised in its entirety to read as follows:

#### **Partial Lump Sum**

This option allows you to take 50 percent of your vested benefit as a single cash payment, with any remaining amount paid as an annuity (see below). You can request a lump-sum distribution only once.

You can roll over any lump sum you receive into an IRA or other tax-qualified plan (subject to such accepting plan's rollover rules) to avoid paying taxes and penalties on the lump sum at time of distribution.

You may also roll over a lump sum into a Roth IRA. Because there are tax consequences to this type of rollover, you should discuss this option carefully with your tax advisor before proceeding.

If you do not elect to roll over your lump sum, you may have your lump sum distributed directly to you and pay taxes and penalties (depending on your age) as described below in Tax rules and some additional points.

The above clarification is effective as of January 1, 2021.

<sup>&</sup>lt;sup>i</sup> This communication constitutes a Summary of Material Modifications (SMM) and describes important changes to the to the Retirement Plan for Employees of Aetna Inc. This SMM is intended to be part of your Summary Plan Description (SPD) and should be kept with your SPD.

This summary is provided to you as required by the Employee Retirement Income Security Act of 1974 (ERISA) and applicable U.S. Department of Labor regulations. It is only a summary in non-legal language of certain changes to the information in the Aetna Pension Plan SPD. Only the Plan document itself gives any person a legal right to benefits; this is not the Plan document or a Plan amendment. To determine your rights under the Plan, do not rely on the SPD or this SMM; ask to see a copy of the Plan document.