Retirement

2023

UPMC Cash Balance Plan Community
Summary Plan Description

UPMC
LIFE CHANGING MEDICINE

This summary plan description (SPD) is provided to you to describe your plan benefits and your rights under the plan. The SPD is based on official plan documents. It is not, nor is it intended to be, the official plan document, or a contract between UPMC and any employee, or a guarantee of employment. Every effort has been made to ensure the accuracy of this information. In the unlikely event that there is a discrepancy between the SPD and the official plan documents, the official plan documents will control. UPMC reserves the right to amend, suspend, or terminate the plan(s) or program(s) at any time. UPMC has the discretionary authority to interpret the terms of the plan(s) summarized in this document and determine your eligibility for benefits under its terms.

In addition, there may be situations where the plan(s) provides different benefits to different employee groups. This SPD provides only those benefits that are applicable to you based on your employee group.

This SPD is available to you on the UPMC Retirement Center website. You can access this through HR Direct or by typing http://digital.alight.com/upmc into your Internet browser. You have access and the ability to view this SPD on the website and to print pages of this SPD from the website. You also have the right to request and receive, free of charge, a printed copy of the electronically delivered document by calling the UPMC Retirement Center at 1-877-206-8264. If there are any discrepancies between the information on the website and your printed copy, the website version will control.

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Cash Balance Plan Overview

The UPMC Basic Retirement Plan is a Cash Balance Plan (hereinafter "Plan", "Cash Balance", or "Cash Balance Plan").

The Plan is designed to provide income during your retirement. UPMC makes all contributions to the Plan, unlike 401(k) plans, where you make contributions from your pay. Company contributions are kept in a trust fund and paid to you when you are eligible to retire.

Your pension is based on how long you work for the company and your eligible pay. Generally, benefits are paid monthly throughout your lifetime or you may choose a single lump-sum payment, beginning on your retirement date.

Your Benefit Amount

Your Cash Balance benefit is based on:

- Your annual eligible compensation; and
- Your service--the time you work for the company.

Eligibility to Receive Cash Balance Benefits

Your age and service determine when you can begin receiving payments from the plan, as well as your eligibility for:

- Normal retirement
- Deferred vested benefits
- Disability pension benefits

Because the Plan's purpose is to provide income during retirement, your benefit payments will be highest if you start receiving them at normal retirement age. If you receive payments earlier, your monthly benefit may be reduced because your benefit will be paid over a longer time.

Separation From Service

If you no longer work for UPMC or any of its affiliated companies, you:

- Have separated from employment for the purposes of the plan; and
- Forfeit the portion of your pension benefit that is not vested.

How Benefits Are Paid

You can receive your pension benefit under one of the standard forms of payment or choose an optional payment method. These factors affect your choice:

- The amount of your benefit
- How long you want to receive payments
- If you want your survivors to receive payments after your death

Benefit payments are taxable income, so federal and state withholding rules apply.

If you become divorced or separated, a Qualified Domestic Relations Order (QDRO) may affect how benefits are paid to you and your beneficiary.

Eligibility to Participate

Who is Eligible

You are eligible to participate in the plan once you:

- Are in an eligible group of employees; and
- Reach age 21; and
- Complete one year of eligibility service.

You earn one year of eligibility service if you are paid for 1,000 hours of service during a period of 12 consecutive months, as defined by the plan.

Who is Not Eligible

You are not eligible to participate in the plan if you are:

- Covered by a collective bargaining agreement (unless the agreement expressly provides for participation); or
- A medical resident (other than residents at UPMC Pinnacle prior to July 1, 2021 and residents of UPMC St. Margaret) in a graduate medical or education program, fellow, and any other person who is employed as a student in an educational capacity; or
- A person covered by an employment contract or a written agreement that excludes you from the Cash Balance Plan; or
- An independent contractor; or
- A casual employee working for WorkPartners; or
- A nonresident alien employed outside the United States or employed in the United States on a temporary assignment; or
- Employed on a temporary basis on or after 01-01-2002; or
- A leased employee; or
- An intern; or
- A leased staff member (unless you are leased from one participating group to another participating group).

Participating Entities/Affiliates of UPMC

This summary handbook applies to all eligible staff members of the following business units (including subsidiaries that make up those business units, unless such subsidiaries are specifically excluded below). The Who Is Eligible section, describes the eligibility requirements. See that section for more details. If you have further questions please contact your Human Resources representative, or the UPMC Retirement Center.

Asbury Heights
Avalon Place
Avalon Springs (non-bargaining staff)
UPMC McKeesport
UPMC Horizon
UPMC Passavant
UPMC St. Margaret
UPMC Senior Communities (including Jameson Care Center)
Sherwood Oaks Retirement Community
Canterbury Place

When Participation Begins

Once eligible, you begin participating in the plan on the next January 1 or on the next July 1. Your participation date is the date you begin to earn benefits under the Plan.

How Benefits Are Calculated

Your pension benefit depends on your pay and years of service. Your pension increases with your pay and years of service with UPMC or its affiliates who participate in the plan.

Your benefit is calculated based on the Cash Balance formula.

After reviewing how benefits are calculated, you should also understand:

- When you can receive benefits
- The available forms of payment

Depending on when you choose to receive your benefit and the form of payment, your monthly benefit amount may be reduced if you choose to start it early because your benefit will be paid over a longer period of time.

You can estimate your pension benefit on the UPMC Retirement Center website. However, your actual benefit will be based on the terms of the plan, and may differ. Estimates are based on the pension benefit assumptions.

Cash Balance Formula

How the Plan Works

A formula defines benefits based on your account balance. This means that as long as you are vested, you can take the entire value of your Cash Balance benefit with you when you leave UPMC, regardless of your age. A traditional pension plan benefit is not typically available to you until you are eligible for retirement.

Components of the Cash Balance Formula

The value of your Cash Balance Plan account is determined based on your:

- Opening balance (if applicable)
- Retirement credits
- Interest credits
- Transition credits (if applicable, as described below)

Retirement Credits

You earn retirement credits equal to a percentage of your pay based on your age and service as of the end of the previous calendar year. Your age and service are added together to arrive at a total number of points. The percentage of pay you receive is based on the total points you receive, as follows:

Total Age and Service Points	Retirement Credit Percentage
Less than 36 points	**3.5%**
36 to 49 points	**4%**
50 to 69 points	**5%**
70 or more points	**6%**

You will automatically earn retirement credits when you:

- Terminate employment after attainment of age 55 when 100% vested

You will automatically earn retirement credits while you are in active employment or on leave and you:

- Become disabled
- Become deceased

Interest Credits

Each quarter, your account balance is credited with interest. The interest rate used to determine how much interest is credited to your account is based on the 30-year Treasury securities rate in effect during the second month of the previous calendar quarter. Interest credits are added to your account daily and compounded quarterly.

Note: The information above doesn't apply to the balance in your prior Northwest Cash Balance Plan account, if applicable.

Transition Credits

You may be eligible to receive Transition Credits if you were participating in an employer's defined benefit plan at the time your employer adopted this Plan, and you met certain age and service requirements. Transition Credits may be allocated on an annual basis to active participants who are in eligible populations. The Plan Administrator's determination of Transition Credits is based solely on the participant's employment on the applicable Cash Balance introduction date. Transition Credits under this Plan are only with respect to compensation earned during the period of participation under this Plan. Transition Credits generally cease when an eligible participant is no longer employed with UPMC.

General - Transition Credits - (At least Age 50 with 15 Years of Service)

Except for the locations described separately below, you are eligible for transition credits if, while under a prior UPMC pension plan, you were age 50 and had at least 15 years of service as of the last day of the Plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which will continue to increase each year.

The percentage of pay you receive if you meet the requirements is based on your total points as follows:

Total Age and Service Points	Retirement Credit Percentage
65 to 69 points	**5%**
70 to 79 points	**5%**
80 or more points	**6%**

General - Transition Credits - (At least Age 45 with 15 Years of Service)

Except for the locations described separately below, you are eligible for transition credits if, while under a prior UPMC pension plan, you were age 45 and had at least 15 years of service as of the last day of the Plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which does not increase.

The percentage of pay you receive if you meet the requirements is based on the total points you receive, as follows:

Total Age and Service Points	Retirement Credit Percentage
60 to 64 points	**2%**
65 to 69 points	**2%**
70 to 79 points	**2%**
80 or more points	**2%**

Transition Credits - UPMC St. Margaret Hospital and UPMC Passavant - (At least Age 45 with 15 Years of Service)

You are eligible for transition credits if, while under a prior UPMC pension plan, you were age 45 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which will continue to increase each year.

Transition credits will cease on termination and shall not thereafter be reinstated except in situations where the termination was involuntary or as a result of failure to return from an approved leave of absence and the participant returns to active employment within 12 months from the termination date.

The percentage of pay you receive if you meet the requirements is based on the total points you receive, as follows:

Total Age and Service Points	Retirement Credit Percentage
60 to 64 points	**6%**
65 to 69 points	**7%**
70 to 79 points	**7%**
80 or more points	**8%**

If you were eligible for transition credits as described above, these took effect on 1-1-2004 and will end on 12-31-2018 for eligible employees who were employed as of the Plan effective date.

- UPMC Passavant

If you were eligible for transition credits as described above, these took effect on 1-1-2001, and end on 12-31-2015 for eligible staff who were employed as of the Plan effective date.

- UPMC St. Margaret

Transition Credits--UPMC Beaver Valley - (At least Age 50 with 15 Years of Service)

*excluding collectively bargained employees who have not adopted the plan

You are eligible for transition credits if, while under a prior UPMC pension plan, you were age 50 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which will continue to increase each year.

Transition credits will cease on termination and shall not thereafter be reinstated except in situations where the termination was involuntary or as a result of failure to return from an approved leave of absence and the participant returns to active employment within 12 months from the termination date.

The percentage of pay you receive is based on your total points, as follows:

Total Age and Service Points	Retirement Credit Percentage
65 to 69 points	**3%**
70 to 79 points	**3%**
80 or more points	**3%**

Transition Credits – UPMC Beaver Valley - (At least Age 45 with 15 Years of Service)

*excluding collectively bargained employees who have not adopted the plan

Except for the locations described separately, you are eligible for transition credits if, while under a prior UPMC pension plan, you were age 45 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which does not increase.

The percentage of pay you receive if you meet the requirements is based on the total points you receive, as follows:

Total Age and Service Points	Retirement Credit Percentage
60 to 64 points	**2%**
65 to 69 points	**2%**
70 to 79 points	**2%**
80 or more points	**2%**

If you were eligible for transition credits as described above, these took effect on 1-1-2001 and will end on 12-31-2015 for eligible employees who were employed as of the Plan effective date.

- UPMC Beaver Valley

Transition Credits--UPMC Braddock - (At least Age 50 with 15 Years of Service)

*excluding collectively bargained employees who have not adopted the plan

You are eligible for transition credits if, while under a prior UPMC pension plan, you were age 50 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which will continue to increase each year.

Transition credits will cease on termination and shall not thereafter be reinstated except in situations where the termination was involuntary or as a result of failure to return from an approved leave of absence and the participant returns to active employment within 12 months from the termination date.

The percentage of pay you receive is based on your total points, as follows:

Total Age and Service Points	Retirement Credit Percentage
65 to 69 points	**5%**
70 to 79 points	**5%**
80 or more points	**5%**

Transition Credits--UPMC Braddock - (At least Age 45 with 15 Years of Service)

*excluding collectively bargained employees who have not adopted the plan

Except for the locations described separately, you are eligible for transition credits if, while under a prior UPMC pension plan, you were age 45 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which does not increase.

The percentage of pay you receive if you meet the requirements is based on the total points you receive, as follows:

Total Age and Service Points	Retirement Credit Percentage
60 to 64 points	**2%**
65 to 69 points	**2%**
70 to 79 points	**2%**
80 or more points	**2%**

If you were eligible for transition credits as described above, these took effect on 1-1-2001 and will end on 12-31-2015 for eligible employees who were employed as of the Plan effective date.

- UPMC Braddock

UPMC Braddock Maintenance and Service employees: if you are eligible for transition credits as described above, these took effect 1-1-2003 and end on 12-31-2017 for the eligible UPMC Braddock maintenance and service employees who were employed as of the Plan effective date.

Transition Credits--UPMC Horizon - (At least Age 50 with 15 Years of Service)

You are eligible for transition credits if, while under a prior UPMC pension plan, you were age 50 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which will continue to increase each year. In addition to these transition credits, if you have a prior Greenville or Shenango benefit, your benefit from the Cash Balance Plan will not be less than the benefit calculated based on the final average pay (FAP) formula.

Transition credits will cease on termination and shall not thereafter be reinstated except in situations where the termination was involuntary or as a result of failure to return from an approved leave of absence and the participant returns to active employment within 12 months from the termination date. If you meet the requirements, the percentage of pay you receive is based on your total points, as follows:

Total Age and Service Points	Retirement Credit Percentage
65 to 69 points	**5%**
70 to 79 points	**5%**
80 or more points	**6%**

Transition Credits--UPMC Horizon - (At least Age 45 with 15 Years of Service)

Except for the locations described separately, you are eligible for transition credits if, while under a prior UPMC pension plan, you were age 45 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which does not increase.

The percentage of pay you receive if you meet the requirements is based on the total points you receive, as follows:

Total Age and Service Points	Retirement Credit Percentage
60 to 64 points	**2%**
65 to 69 points	**2%**
70 to 79 points	**2%**
80 or more points	**2%**

If you were eligible for transition credits as described above, these took effect on 1-1-2001 and will end on 12-31-2015 for eligible UPMC Horizon employees who were employed as of the Plan effective date.

- UPMC Horizon

Transition Credits – UPMC McKeesport - (At least Age 50 with 15 Years of Service)

*excluding collectively bargained employees who have not adopted the plan

You are eligible for transition credits if, while under a prior UPMC pension plan, you were age 50 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which will continue to increase each year.

Transition credits will cease on termination and shall not thereafter be reinstated except in situations where the termination was involuntary or as a result of failure to return from an approved leave of absence and the participant returns to active employment within 12 months from the termination date.

The percentage of pay you receive is based on your total points, as follows:

Total Age and Service Points	Retirement Credit Percentage
65 to 69 points	**4%**
70 to 79 points	**5%**
80 or more points	**5%**

Transition Credits – UPMC McKeesport - (At least Age 45 with 15 Years of Service)

*excluding collectively bargained employees who have not adopted the plan

Except for the locations described separately, you are eligible for transition credits if, while under a prior UPMC pension plan, you were age 45 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which does not increase.

The percentage of pay you receive if you meet the requirements is based on the total points you receive, as follows:

Total Age and Service Points	Retirement Credit Percentage
60 to 64 points	**2%**
65 to 69 points	**2%**
70 to 79 points	**2%**
80 or more points	**2%**

If you were eligible for transition credits as described above, these took effect on 1-1-2001 and will end on 12-31-2015 for eligible employees who were employed as of the Plan effective date.

- UPMC McKeesport

Transition Credits – UPMC South Side - (At least Age 50 with 15 Years of Service)

*excluding physicians

You are eligible for transition credits if, while under a prior UPMC pension plan, you were age 50 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which will continue to increase each year.

Transition credits will cease on termination and shall not thereafter be reinstated except in situations where the termination was involuntary or as a result of failure to return from an approved leave of absence and the participant returns to active employment within 12 months from the termination date.

The percentage of pay you receive is based on your total points, as follows:

Total Age and Service Points	Retirement Credit Percentage
65 to 69 points	**6%**
70 to 79 points	**6%**
80 or more points	**7%**

Transition Credits – UPMC South Side - (At least Age 45 with 15 Years of Service)

*excluding physicians

Except for the locations described separately, you are eligible for transition credits if, while under a prior UPMC pension plan, you were age 45 and had at least 15 years of service as of the last day of the plan year before your Cash Balance effective date. Your age and service are added together to arrive at a total number of points, which does not increase.

The percentage of pay you receive if you meet the requirements is based on the total points you receive, as follows:

Total Age and Service Points	Retirement Credit Percentage
60 to 64 points	**2%**
65 to 69 points	**2%**
70 to 79 points	**2%**
80 or more points	**2%**

If you were eligible for transition credits as described above, these took effect on 1-1-2001 and will end on 12-31-2015 for eligible employees who were employed as of the Plan effective date.

- UPMC South Side

Calculating Your Cash Balance Plan Account Value

This is only an Example

Here are examples of how to calculate a Plan account value, assuming you are eligible for transition credits as described above. Please note that interest rate multipliers will vary with the 30-year U.S. Treasury rate. The rates used below are for illustrative purposes only.

1. Annual Interest Credits

First Quarter

Formula		Example
Cash Balance account value of January 1st		**$5,000.00**
Multiplied by the first quarter interest credit rate (0.0512/4 = 0.01280)	**x**	**0.01280**
Equals the first quarter interest credit amount	**=**	**$64.00**

Second Quarter

Formula		Example
Cash Balance account value of April1st ($5,000 + $64 =) $5,064)		**$5,064.00**
Multiplied by the second quarter interest credit rate (0.0540/4 = 0.01350)	**x**	**0.01350**
Equals the second quarter interest credit amount	**=**	**$68.36**

Third Quarter

Formula		Example
Cash Balance account value as of July 1st ($5,064 + $68.36=$5,132.36)		**$5,132.36**
Multiplied by the third quarter interest credit rate (0.0565/4=0.01413)	**x**	**0.01413**
Equals the third quarter interest credit amount	=	**$72.52**

Fourth Quarter

Formula		Example
Cash Balance account value as of October 1st ($5,132.36 + $72.52=$5,204.88)		**$5,204.88**
Multiplied by the third quarter interest credit rate (0.0508/4=0.0127)	**x**	**0.0127**
Equals the fourth quarter interest credit amount	=	**$66.10**

2. Retirement Credit Amount

Formula			Example
1.	Your current year's pay		**$36,000.00**
2.	Multiplied by the retirement credit percentage	**x**	**0.05**
Equals your current year retirement credits amount		=	**$1,800.00**

3. Transition Credit Amount

Formula			Example
1.	Your current year's pay		**$36,000.00**
2.	Multiplied by the transition credit percentage	**x**	**0.02**
Equals your current year transition credit amount		=	**$720.00**

4. Cash Balance Account Value

Formula		Example
Cash Balance account value at the beginning of the year		**$5,000.00**
Plus the annual interest credit ($64 + $68.36 + $72.52 + $66.10=$270.98)	+	**$270.98**
Plus your pay credit amount	+	**$1,800.00**
Plus your transition credit amount	+	**$720.00**
Equals your accrued Cash Balance account value for the current year	=	**$7,790.98**

Cash Balance Effective Date

The following chart shows the Cash Balance effective date for the entities or affiliates of UPMC who participate in the Cash Balance Plan.

UPMC Entity	Effective Date of Participation
Asbury Heights	07-01-2018
Avalon Place	07-01-2018
Avalon Springs (non-union)	07-01-2018
Canterbury Place (non-union)	01-01-2008
Canterbury Place (former members of 1199 P SEIU)	01-01-2009
Chapel Harbor ALF	05-01-2005
Cranberry Place	10-01-2002
Seneca Place	04-01-2001
Sherwood Oaks (non-union)	10-01-2003
Sherwood Oaks (former members of 1199 P SEIU)	01-01-2009
UPMC Braddock	07-01-2000
UPMC Horizon	01-01-2001
UPMC Lee	07-01-2003
UPMC McKeesport*	07-01-2000
UPMC Passavant	07-01-2003
UPMC Passavant Cranberry	10-01-2002
UPMC Senior Communities, Inc.	04-01-2001
UPMC South Side (excluding physicians)	07-01-2000
UPMC St. Margaret*	07-01-2000
Washington Senior Care Corp.	04-01-2001

*Does not apply if you are covered by a collective bargaining agreement unless the agreement expressly provides for participation.

How Your Opening Balance Is Calculated

If you have a prior benefit, whether or not you are vested, you will receive an opening balance in the Plan. This is based on the value of your benefit, if any, under a prior UPMC pension plan. You will never receive less than the prior UPMC pension under the Plan.

The "present value" of your normal retirement benefit is calculated using an actuarial factor based on your current age, applicable interest rates, and average life expectancy.

How Prior Plan Benefits Affect Your Opening Balance

If you have a prior benefit, your accrued benefit, which is converted to the Cash Balance account opening balance, is calculated under the prior plan formula.

Your opening balance recognizes all early retirement subsidies earned in any UPMC prior plan. As a result, UPMC prior plan formulas and plan provisions will not effect future amounts earned under the Plan formula.

What “Service” Means

“Service” means the number of hours paid or, in some cases, the length of time you work for UPMC. You earn these types of service under the UPMC Cash Balance Plan:

- Vesting service, which determines whether you can receive your pension benefit; and
- Benefit service, which determines the amount of your pension benefit.

Your service is measured by the hours of service you were paid.

Hours of Service

Earning Hours of Service

Hours of service determine your vesting service and benefit service. You earn hours of service for each hour that you were:

- Paid for actively working; and
- Directly or indirectly paid by UPMC for time away from work due to:
  - Vacation
  - Holidays
  - Illness or incapacity (including disability)
  - Layoff
  - Jury duty
  - Military duty
  - Approved leave of absence
- Entitled to back pay.

You cannot earn more than 501 hours of service for any single period away from work.

Some types of hours apply only to prevent a break in service. A break in service occurs when you leave UPMC or work less than 501 hours in one year.

Hours of Service Not Credited

You do not earn hours of service for time you were away from work and receiving payments due to:

- Workers' Compensation
- Unemployment
- Disability insurance coverage
- Reimbursement for medical expenses

Vesting Service

Definition of Vesting Service

Vesting service determines your eligibility to receive your pension benefit.

Generally, you earn one year of vesting service for each plan year you were paid for at least 1,000 hours of service. The plan year starts January 1 and ends December 31.

However, you can also earn a year of vesting service if you were paid for 1,000 hours of service by the first anniversary of the date you were hired. If you do, you cannot start to earn your next year of vesting service until the start of the next plan year.

Vesting Schedule

You become 100% vested in your pension benefit after three (3) years of vesting service under this schedule:

Years of Service	Vested Percentage of Pension Benefit
Less than 3	**0%**
3 or more	**100%**

Please note that if you terminated your employment prior to January 1, 2008, and are not rehired on or after January 1, 2008, you were 100% vested in your pension benefit if you completed five (5) years of vesting service prior to your termination date.

Automatic Vesting

You are automatically 100% vested if:

- You reach normal retirement age under the plan while actively employed with UPMC; or
- UPMC partially or completely terminates the plan; or
- You become totally and permanently disabled for the remainder of your life while actively employed with UPMC; or
- You die while working for UPMC

In specific or special circumstances (such as divestiture), the plan sponsor takes specific action to vest certain employee groups. If this applies to you, you will receive notice.

Benefit Service

Definition of Benefit Service

Benefit service is one factor used to determine your pension benefit. The more benefit service you have, the greater your pension. Benefit service is earned throughout the time you work and may also include time away from work due to approved leaves of absence for:

- Pregnancy
- Childbirth
- Adoption
- Caring for a child immediately after birth or adoption
- Military service
- Disability
- PTO

How Benefit Service Is Counted

In most cases, benefit service is counted from the day you begin participating in the Plan until you have a break in service.

You earn one year of benefit service when you are paid for 1,000 hours of service in a twelve (12) month period. You can only earn one year of benefit service per plan year.

Break in Service

You have a break in service when your employment with UPMC ends.

You have a one-year break in service if you earn less than 501 hours of service in a year.

If you have a break in service and are not vested at that time, the vesting service you earned before your break is restored if you **either**:

- Return to work before a one-year break in service occurs; or
- Have less than five (5) one-year breaks in service.

An approved family medical leave (for example, maternity leave) or military leave does not cause a break in service. However, medical leave prevents a break in service only for a limited time.

If you lose your service credit and do not meet the above criteria to restore it, you will begin earning service credit as a new employee would when you return to work with the company. However, if you had at least 3 years of vesting service and terminated employment prior to January 1, 2008, your service will be recognized for eligibility purposes under this plan, regardless of the date you return to work.

Compensation

What is Included

Annual compensation includes:

- Base pay
- Bonuses
- Holiday pay
- Overtime pay
- Sick pay paid as part of paid time off (PTO) or extended illness bank (EIB) policy
- Commissions
- Final compensation including unused vacation or paid time off
- Elective contributions to flexible benefit plans made by UPMC on behalf of active employees
- Elective contributions to cash or deferred arrangements or qualified tax-deferred annuities made by UPMC on behalf of active employees

What is Not Included

Annual compensation does not include:

- Fringe benefits
- Tuition assistance
- Imputed income for group term life insurance
- Long-Term or Short-term Disability including third party sick pay
- Paid Parental Leave pay
- Severance

Maximum Eligible Annual Compensation

The Internal Revenue Code (IRC) limits eligible annual compensation for calculating pension benefits under the qualified plan. The limit on maximum eligible annual compensation for 2023 is $330,000. This amount may change annually due to IRS regulation.

The maximum amount may be indexed each year to reflect changes in the cost of living.

Final Average Pay (FAP) Formula

This only applies to Horizon transition eligible staff that, as of the last day before the Cash Balance effective date, were age 50 and had 15 years of service. If you have a Horizon Greenville or Shenango benefit, your benefit under the UPMC Cash Balance Plan is the greater of these:

- The Cash Balance Plan formula
- The Greenville or Shenango final average pay (FAP) frozen prior plan formula
- The Greenville or Shenango FAP frozen prior plan formula continued until your last day worked

The FAP formula calculates your pension benefit based on your average annual eligible pay and your benefit service.

Depending on the form of payment you choose and when you receive your benefit, your monthly benefit may be reduced if you start earlier, because your benefit will be paid over a longer time.

Average Annual Eligible Pay

Your average eligible pay equals your average monthly earnings from the 5 highest consecutive calendar years of eligible pay out of your last 10 years with UPMC.

If you don't have 5 consecutive calendar years of eligible pay history, then your average annual eligible pay is calculated by averaging the eligible pay over the number of months available.

How Assumptions Impact Benefit Amounts

Cash Balance Plan Interest Rate

Interest affects the Plan. If you have an account balance, regardless of your employment status, interest credits are applied to the account balance daily and compounded quarterly.

The interest rate applied daily is the 30-year Treasury securities rate (or its proxy) in effect during the second month of the previous calendar quarter. Interest is calculated and applied to your account before retirement credits and transition credits (if applicable) are applied.

Your Estimated Annual Pay

If you are creating an estimate that does not extend beyond the current year, your actual earnings are used to project pay through the last pay period in the current year. Pay after the current year is projected using your current hourly rate and scheduled hours.

Bonus and incentive pay is not included in estimates.

Your Annual Pay Increase Percentage

This is an estimated average annual increase of your pay. You can enter any whole number amount up to 6%.

This amount is used to project each year of pay after the current year. As your pay increases each year so does your annual retirement credit total.

Calculating Estimated Age plus Benefit Service

When you add age plus service, you will arrive at your total points. These total points are used to determine both your pay and transition credits. Your total points are determined as of the previous calendar year. These steps are used to calculate your age plus service:

Step 1: Subtract your birth date from the previous calendar year.
Round the result to 2 decimal places.

Step 2: Subtract your service date from the previous calendar year.
Round the result to 2 decimal places.

Step 3: Add the results of steps 1 and 2.
Round the sum to the nearest whole number.

Example

Assume that:

- Your birth date is 12-30-1960.
- Your vesting service started on 07-05-1986 and you have earned a year of vesting service each year since then.
- The current year is 2006.

Step 1: Subtract 12-30-1960 from 12-31-2005. That equals 45 years.

Step 2: Subtract 07-05-1986 from 12-31-2005. That equals 19.49 years.

Step 3: Find the sum of the results of steps 1 and 2: 45 years plus 19.49 years equals 64.49 years. Rounding to the nearest whole number, you have 64 points.

Cash Balance Benefit Assumptions

You can use these assumptions to estimate your Cash Balance benefit:

- **Your Last Day of Employment:** This is the last day you work for UPMC and the day the plan stops crediting you with service.
- **Date You Begin Receiving Your Benefit:** This is the date you begin receiving your plan benefit. This date must be the 1st of the month. For your first check, you may have to allow extra time for administrative processing.
- **Your Beneficiary's Relationship to You:** Under certain payment methods, a benefit is payable to your beneficiary after your death. Some payment methods may not be available if you choose a non-spousal beneficiary significantly younger than you.
- **Your Beneficiary's Birth Date:** Your beneficiary's age and your age are used to calculate the amounts for some forms of payment.
- **Your Current Annual Pay:** This amount is used to project your pay into the future.
- **Your Annual Pay Increase Percentage:** This is an estimated average annual increase in your pay. A higher percentage increase results in higher pay before retirement and a larger benefit. Only your actual pay before retirement will determine your actual benefit amount. For the purpose of calculating an estimated benefit, you can choose an annual pay increase from 0% to 6%.
- **Interest Rate:** The interest rate is used to calculate the value of the lump-sum option. A higher interest rate results in a smaller lump sum. The current interest rate will be projected levelly into the future.

When You Can Receive Benefits

Retirement Eligibility Rules

You can begin receiving pension payments when you retire or when your employment ends. Your eligibility depends on:

- Your age
- Your vesting service

If you're age 65, you're eligible for normal retirement.

You can find the dates you will be eligible to receive your Cash Balance benefit on the UPMC Retirement Center website. If you leave UPMC before these dates but after you are vested in benefits, you will be eligible for a deferred vested benefit.

Payment of Benefits

When you are ready to receive your Cash Balance benefit, you must choose the date you want your payments to start. This date is always the 1st of the month and may be on or after your last day of work with the UPMC.

If you meet the eligibility rules, payments are made as follows:

- Annuity payments begin the 1st of the month on or after your retirement date or your requested payment start date. You cannot choose a start date that has already passed.
- Lump sums are generally paid on the 1st day of the month you choose for your requested payment start date or as soon as administratively possible.
- After your termination date, UPMC will perform a complete review of your pay (including any trailing earnings) and service before calculating your final benefit. This review means that it may take up to 60 days after your termination date before your first payment is made.
- You are unable to begin receiving benefits if you continue to work at UPMC in any employment status, such as casual or part-time, or if you are rehired at UPMC prior to collecting your first payment or lump-sum distribution.

When you want to begin receiving payments, the UPMC Retirement Center website provides information to lead you through the process.

Normal Retirement

Normal Retirement Age

You can receive a retirement benefit at your normal retirement age, but only after you retire. Your normal retirement date is the 1st of the month after you reach age 65. Your 65th birthday is your normal retirement date if it falls on the 1st of the month.

If you choose to retire at your normal retirement age, benefits may be payable without a reduction, depending on the form of payment you choose. Your benefit amount is calculated according to the plan formula.

Working After Normal Retirement Age

If you continue working after you reach normal retirement age, your benefits will not begin until after you leave UPMC. You will continue to earn benefit service.

Your pension payments must begin no later than April 1 after the year the later of these occurs:

- You reach age 73; or
- You end employment with UPMC.

Pre-retirement Death Benefits

Pre-retirement death benefits allow your spouse or your designated beneficiary to receive your pension benefit if you die before you begin receiving pension payments. If you are married, your spouse or domestic partner is automatically your beneficiary. If you choose to elect someone other than your spouse as your beneficiary, you must obtain your spouse's consent in writing.

Your spouse is eligible for benefits if you die **either**:

- While actively employed; or
- After leaving the company with a deferred vested benefit.

Your spouse may choose from these options:

- Receive 100% of your Cash Balance account payable in a lump-sum payment; or
- Receive the actuarial equivalent of your vested accrued benefit as of the payment commencement date in any of the available forms of payment except the Joint and Survivor options; or
- Defer the benefit until as late as April 1 of the calendar year following the year in which you would have reached age 73.

If your beneficiary is someone other than your spouse, your beneficiary is entitled to receive an immediate lump-sum payment equal to the higher of the value of your Cash Balance account or the actuarial equivalent of your vested accrued benefit. However, effective 01-01-2007, a non-spousal beneficiary (including trusts that meet certain provisions) can directly roll over an eligible payment into an inherited individual retirement account (IRA), including an inherited individual retirement annuity.

An inherited IRA is a special type of retirement arrangement. See an IRA provider or financial institution for more information.

This change also impacts the withholding that applies to a non-spouse payment. If a non-spouse chooses to roll over their payment, no withholding will be applied. If they choose to have a lump sum paid to them, 10% of the taxable amount will be withheld for federal taxes. State taxes will also be withheld, if applicable.

Deferred Vested Benefit

When You Leave UPMC

You are eligible for a deferred vested pension benefit if you leave the company after earning at least 3 years of vesting service, even if you are **not** eligible for normal retirement.

After you leave the company, you will receive:

- A statement of your deferred vested rights, telling you when you can receive benefits
- An automatic lump-sum payment, if the value of your pension is $5,000 or less

When You Can Receive Deferred Vested Benefits

Payments can begin on the 1st of the month following your termination date or you can defer your payment until April 1 of the calendar year following the year in which you would have reached age 73. The amount of your benefit is calculated using the plan formula.

Automatic Lump-Sum Payments

The plan will pay your entire benefit to you in a lump sum if both of these apply:

- You are vested, AND;
- The value of your benefit is $5,000 or less when you leave UPMC. Payment is usually made approximately 60 days after termination.

Any qualified lump-sum payment made from the plan is eligible for a direct rollover to:

- An eligible employer plan that accepts rollovers
- A traditional individual retirement account (IRA)

If an election is not received by the payment cutoff date indicated on the paperwork you receive when you terminate from the company, your lump-sum payment of over $1,000 will automatically be rolled over to an IRA in your name (as required by law) with Alight Financial Solutions. If you would like more information on accounts and services from Alight Financial Solutions, call 1-800-890-3200.

If an election is not received by the payment cutoff date and the amount of the lump-sum payment is $1,000 or less, it will be paid directly to you automatically. Twenty percent (20%) of the taxable amount will be withheld for federal taxes. State taxes will also be withheld, if applicable. To make a rollover election, you will need to provide all of the following information:

- The amount of the lump sum to be rolled over (either 100% or specific dollar amount);
- The name of the IRA, qualified plan, 403(b) plan, or governmental 457 plan;

- The rollover address (the institution's address or your home address);
- The account number, if applicable, and;
- Any other information or documentation needed by UPMC.

Disability Retirement

When Disability Pension Payments Begin

If you become disabled while actively employed, you may be eligible to receive disability pension payments from the plan. You are eligible for an immediate distribution from the plan if you choose.

Disability pension payments begin on the later of:

- The 1st of the month after 6 months of total and permanent disability; or
- The 1st of the month after UPMC approves your application for disability benefits.

Disability pension payments continue until the earliest of these dates:

- You recover from disability; or
- Upon your death.

Disability Pension Benefit Amount

Your disability pension is calculated according to the plan formula in the same way as normal retirement, but it is based on your benefit service and compensation in effect on the date you stop working due to your disability.

Total and Permanent Disability

To qualify for disability benefits, you must be totally and permanently disabled, as determined by the Plan Administrator.

Disability means a condition of bodily injury or disease which renders a participant wholly unable to engage in any occupation or employment for wage or profit.

To be considered totally and permanently disabled, you must meet these conditions:

- You are unable to work in any paying occupation due to injury, disease, or mental disorder; and
- Your disability continues for at least 6 months and is expected to be permanent; and
- You qualify for Social Security disability benefits.

You are **not** eligible for disability retirement benefits if your disability is the result of:

- Military service for which a government pension is payable; or
- A criminal act committed by the participant; or
- Intentional self-inflicted injury or illness; or
- Habitual drunkenness or addiction to narcotics.

Occasionally, you may be required to prove your continuing disability. If UPMC asks you to take a physical exam and you refuse, benefits can be cancelled.

Returning to Work After a Disability

If you recover from your disability and return to work before your normal retirement date, you'll continue to earn benefit service.

If you recover from the disabling injury or illness and do not return to work:

- Your benefit at retirement will be calculated using the benefit service you earned before the date of your disability.
- You can choose to start receiving pension payments if you are eligible for:
    - Normal retirement; or
    - Deferred vested benefit.

Pension Benefit Forms of Payment

How Your Pension Benefit Is Paid

Pension benefits are paid each month over your lifetime. Or, you may choose a single lump-sum payment.

Payments come on the 1st of each month from pension assets held in trust.

Standard Payment Methods

Standard payment methods are based on your marital status. Unless you choose a different option, you will receive the following standard payment method:

- If you are single, you will receive the Single Life Annuity; or
- If you are married, you will receive the 50% Joint and Survivor Annuity.

Optional Payment Methods

You can waive your standard payment method and choose one of these optional forms instead:

- Single Life Annuity;
- Other Joint and Survivor Annuity options;
- Certain and Life Annuity;
- Age 62 Social Security Adjustment Option;
- Lump Sum Payment;
- 10-Year Period Certain Annuity;
- Full Cash Refund Annuity; or

Certain rules apply if you are married and do not want to choose the standard payment method. The form of payment may affect the amount you receive because it may reduce your monthly benefit amount.

Note: If your spouse dies after you have chosen a joint and survivor annuity option but before you have started receiving your pension, your payment choice may be cancelled automatically. You can then choose a different form of payment.

Naming a Beneficiary

Employees

If You Are Single

If you are single, you can name one or more beneficiaries.

If You Are Married

For the purposes of the Plan, “Spouse” means a person legally married as per the state of celebration. If the state where you were married recognizes the marriage then so does this Plan.

If you are married and you do not designate a beneficiary, your spouse or your domestic partner is automatically your beneficiary.

You can name someone other than your spouse or name additional beneficiaries if your spouse consents in writing.

How to Make Your Beneficiary Designation

You can name your beneficiary on the UPMC Retirement Center website, or you may call the UPMC Retirement Center to request a Preretirement Survivor Annuity Coverage and Beneficiary Designation Form.

Retirees

If your benefits have begun, you may be able to change your beneficiary, depending on the form of payment you chose:

- **Single Life Annuity –** You do not need a beneficiary for your pension benefit, because your payments end when you die.
- **Joint and Survivor Annuity –** You cannot change your beneficiary.
- **Certain and Life Annuity –** You can change your beneficiary if your beneficiary dies before you. If you are married, your spouse must consent to any changes in writing.
- **10 Year Period Certain Annuity --** You can change your beneficiary if your beneficiary dies before you. If you are married, your spouse must consent to any changes.
- **Full Cash Refund Annuity--** You can change your beneficiary if your beneficiary dies before you. If you are married, your spouse must consent to any changes.

Single Life Annuity

The Single Life Annuity is the standard payment method for your pension benefit if you are single. It's also a choice if you are married.

You receive a monthly income for life with this form of payment. The Single Life Annuity pays the largest monthly amount because no payments are made after your death.

If you are married and want to choose this form of payment, your spouse must consent in writing.

Choosing a Payment Option If You Are Married

Payment Options and Your Beneficiary Choice

Depending on your beneficiary, you may need to provide spousal consent in writing for some payment options.

For instance, if you are married and:

- Your spouse is your beneficiary:
    - Spousal consent is not required if you choose any Joint and Survivor Annuity option that provides your spouse with at least 50% and no more than 100% of your benefit.
    - You must provide spousal consent in writing for the Certain and Life Annuity and lump-sum forms of payment.
- You choose someone other than your spouse as your beneficiary, your spouse must consent in writing to the specific beneficiary and the payment option you choose.

Spousal Consent

Your spouse's consent must:

- Be in writing; and
- Specify the optional form that you will receive; and
- Recognize the specific beneficiary or beneficiaries who will receive benefits upon your death; and
- Acknowledge the effect of such consent (for example, your spouse will not receive a benefit upon your death).

For the UPMC Cash Balance Plan, your spouse must consent to your beneficiary choice by signing the Payment Election Authorization Form in the presence of a notary public.

50% Joint and Survivor Annuity

The 50% Joint and Survivor Annuity is the standard payment method if you are married. You receive a monthly income for life with this form of payment, and your spouse receives payments after your death.

The monthly amount payable under the 50% Joint and Survivor Annuity is less than the Single Life Annuity because benefits are payable over the lifetimes of you and your spouse.

This table provides examples of how payment amounts differ between the forms of payment:

Form of Payment	Your Monthly Benefit	Your Spouse's Monthly Benefit After You Die
Single Life Annuity	**$700**	**$0**
50% Joint and Survivor Annuity	**$600**	**$300**

If you choose the 50% Joint and Survivor Annuity, these rules apply:

- If you are receiving payments and your spouse dies before you do, your pension payments stay the same ($600 in the example above).
- If you are receiving pension payments and you die before your spouse, your spouse receives 50% of your reduced monthly benefit each month for the rest of his or her life ($300, or 50% of $600, in the example above).

Other Joint and Survivor Annuity Options

You can choose from these Joint and Survivor Annuity options:

- 50% Joint and Survivor Annuity
- 66-2/3% Joint and Survivor Annuity
- 75% Joint and Survivor Annuity
- 100% Joint and Survivor Annuity

With a Joint and Survivor Annuity, the Cash Balance Plan pays reduced monthly payments for your lifetime. After your death, the plan pays 50%, 66-2/3%, 75%, or 100% of your benefit amount to your spouse or beneficiary for his or her lifetime.

If you choose a higher percentage to be paid to your spouse or beneficiary, your monthly payments will be lower, as this table shows:

Form of Payment	Your Monthly Benefit	Your Beneficiary's Monthly Benefit After Your Death
100% Joint and Survivor Annuity	**$400**	**$400**
50% Joint and Survivor Annuity	**$600**	**$300**

The following rules apply to all Joint and Survivor Annuity options:

- If you are receiving benefits and your beneficiary dies before you do, your benefits continue in the same amount:
    - $400 as in the 100% Joint and Survivor Annuity example above; or
    - $600 as in the 50% Joint and Survivor Annuity example above.
- If you are receiving benefits and you die before your beneficiary, he or she receives 50%, 66-2/3%, 75%, or 100% of your monthly benefit each month for the rest of his or her life, depending on the option you chose:
    - $400 as in the 100% Joint and Survivor Annuity example above; or
    - $300 as in the 50% Joint and Survivor Annuity example above.

Certain and Life Annuity

If you choose the Certain and Life Annuity payment method, you receive pension payments for your lifetime with payments guaranteed over a specific time period.

The plan offers these Certain and Life Annuity options:

- 36-Month Certain and Life Annuity; or
- 60-Month Certain and Life Annuity; or
- 100-Month Certain and Life Annuity (only available for your UPMC Bedford Memorial prior benefit); or
- 120-Month Certain and Life Annuity; or
- 180-Month Certain and Life Annuity; or
- 240-Month Certain and Life Annuity.

If you die within the guaranteed period (the number of months listed above for each option), your beneficiary receives payments equal to what you were receiving before you died for what remains of the guaranteed period.

If you die after the guaranteed period, no payments are made to your beneficiary.

If your beneficiary dies before you begin receiving pension payments, you can choose a new beneficiary. If you die without a beneficiary within the guaranteed period, the remaining payments are made based on the current plan rules in this order:

- Your surviving spouse
- Your children
- Your parents
- Your brothers and sisters
- Your executor or administrator of your estate

If you are married when your pension payments begin, your spouse must consent in writing to this form of payment.

Age 62 Social Security Adjustment Option

The Age 62 Social Security Adjustment Option is designed to replace your estimated Social Security payments before you are eligible to receive Social Security. This option makes the benefit from the Cash Balance Plan plus Social Security a "level" income amount throughout your retirement, even though Social Security benefits are not available until age 62.

By choosing the Age 62 Social Security Adjustment Option:

- Your pension benefit is larger from your retirement date until you reach age 62. This additional benefit is similar to the Social Security payment that you are not yet eligible to receive; and
- After age 62, you can begin receiving Social Security payments and your pension benefits are reduced. Your Social Security payments replace the additional benefits you were receiving from the plan before age 62. You must notify the Plan Administrator if your benefits are not reduced at age 62.

This option does not provide benefits to your spouse or beneficiary after your death. If you are married when your pension payments begin, your spouse must consent in writing to this form of payment.

This option is calculated using an estimate of your age 62 Social Security Benefit. It is not dependent on when you actually begin receiving a Social Security benefit or how much you actually receive from Social Security.

Your Cash Balance benefit may not be large enough to produce level income payments when combined with Social Security. If your Cash Balance benefit is not large enough, then your entire Cash Balance benefit will be paid out between your retirement date and the date you turn age 62. After you reach age 62, your benefit payment will be zero.

Lump Sums

You can choose to receive your entire pension benefit in a single lump-sum payment. If you are married, your spouse must consent to this form of payment in writing.

You can choose to have your lump sum paid in **one** of these ways:

- Rollover; or
- Paid directly to you; or
- Partly as a rollover and partly paid to you.

When your lump-sum payment will be taxed depends on whether you roll it over:

- If you choose to roll over all or a portion of your payment directly, you continue to defer taxes; or
- If you choose not to roll over all or a portion of your payment directly, your payment is subject to taxation and the plan must withhold 20% of the taxable income (as required by the Internal Revenue Service).

Rollovers

Lump sums, including automatic lump sums, are eligible for rollover to another qualified plan, a 403(b) plan, a governmental 457 plan, an Individual Retirement Account (IRA), or the UPMC Savings Plan.

There are two (2) types of rollovers available to you.

Direct Rollover

A direct rollover occurs when the rollover check is made payable directly to the new plan or IRA. The check is sent either directly to the receiving institution or to you, depending on your check delivery choice.

A non-spousal beneficiary (including trusts that meet certain provisions) can directly roll over an eligible payment into an inherited individual retirement account (IRA), including an inherited individual retirement annuity.

An inherited IRA is a special type of retirement arrangement. See an IRA provider or financial institution for more information.

This change also impacts the withholding that applies to your payment. If you choose to roll over your payment, no withholding will be applied. If you choose to have your lump sum paid to you, 20% of the taxable amount will be withheld for federal taxes. State taxes will also be withheld, if applicable.

60-Day Rollover

For a 60-day rollover, the check is made payable to you. You then must deposit your rollover amount into the new account within 60 days of receiving your payment. You must make the check payable to the receiving financial institution.

Note: If you choose **not** to roll over your payment directly, you can still roll it over within 60 days. However, the plan must withhold 20% of the taxable income if payment is made directly to you.

If you want to roll over the entire amount of your payment, you need to use your own funds to replace the 20% that has been sent to the IRS. A Special Tax Notice is sent at the time of your payment to provide more information.

Direct Payments to You

If a lump-sum payment is made directly to you, 20% mandatory federal withholding is taken from the taxable amount of the lump sum. In addition, state withholding may be taken depending on the state in which you live.

Additional taxes may apply to your lump-sum payment if you do not choose a rollover. For example, if you receive your lump sum before you reach age 59-1/2, you may owe an additional 10% penalty on the taxable portion of the benefit. A Special Tax Notice is sent at the time of your payment to provide more information.

Depending on your circumstances, you may be eligible for special tax treatment on your lump-sum payment. Ask your tax advisor for more information.

Special Tax Notice

You have a right to familiarize yourself with the possible tax implications of taking a payment from the UPMC Cash Balance Plan.

The IRS generally requires that you receive the Special Tax Notice no earlier than 30 days and no later than 90 days before your eligible payment. Once it is received, you have 30 days to review it to help you understand the tax implications of your payment.

The UPMC Cash Balance Plan allows you to waive the 30-day rule. If you waive your rights, you're acknowledging that you understand the tax implications.

10-Year Period Certain Annuity

If you choose the 10-Year Period Certain payment method, you will receive pension payments for only 120 months.

If you die within the 120-month period, your beneficiary will receive payments equal to what you were receiving before your death for what remains of the 120 months.

If you die after 120 months, no payments will be made to your beneficiary.

If your beneficiary dies before the 120 payments have been paid, the remaining payments will be made in a single-sum payment to your beneficiary's estate. If you are married when your pension payments begin, your spouse must consent in writing to this form of payment.

Full Cash Refund Annuity

If you choose the Full Cash Refund Annuity, you will receive a reduced monthly benefit payable for your lifetime.

If you die and the sum of all the payments you received did not equal the balance of your Cash Balance account at the time you started your benefit, your beneficiary will receive the remaining balance of your Cash Balance account in a single lump-sum payment.

If you are married when your pension payments begin, your spouse must consent in writing to this form of payment.

Minimum Distributions

You are generally required to begin receiving required minimum distributions by April 1 after the later of the year that:

- You reach age 73; or
- You retire.

If you were born on or after July 1, 1949, but before January 1, 1951, you are generally required to begin receiving required minimum distributions by April 1 after the later of the year that you retire or reach age 72.

If you were born prior to July 1, 1949, you are generally required to begin receiving required minimum distributions by April 1 after the later of the year that you retire or reach age 70-1/2.

If subsequent minimum distributions are necessary, they will be paid to you by December 31 each year.

For your minimum distribution, you can choose any form of payment but the Age 62 Social Security Adjustment Option.

Minimum distribution payments are not eligible for rollover.

You will receive a notice in the mail when you are required to begin receiving minimum distributions.

Retiree Payments

Your monthly benefit is payable on the 1st of the month. You can:

- Receive your payment through direct deposit.
- Adjust your withholding.

For your convenience, a pension payment schedule is available for the current year.

Direct Deposit

You can receive your monthly pension payment as a paper check or through direct deposit. When using direct deposit:

- Your money is transferred through the banking system directly to your account.
- The transfer occurs on the payment date.
- You will receive a notice in the mail that the money has been transferred.

Most retirees receive their pension payments through direct deposit. Also, the federal government has chosen direct deposit as the preferred method to send Social Security checks. Direct deposit has these advantages over paper checks:

- Direct deposits cannot get lost in the mail.
- Direct deposits are still made if you are away from home.
- Direct deposits are made according to the pension payment schedule.
- Direct deposits give you faster access to your money.

Withholding

Definition of Withholding

Withholding is the portion of your pension payment taken out automatically as an advance payment of the taxes due to the government. Withholding may be optional or mandatory, depending on the type of payment you choose. Because tax rules are complex and constantly changing, you should consult a tax advisor about your situation.

Withholding on Annuity Payments

If you are receiving annuity payments for your pension benefit, you can choose either:

- To have withholding taken;
- To opt out of withholding.

If you choose not to have taxes withheld or if you do not have enough income tax withheld from your pension payments, you may be responsible for payments of estimated tax. You may be charged penalties if your withholding and estimated tax payments are not enough to satisfy the estimated tax rules.

If the amount withheld is:

- **Less than** the entire amount of ordinary income tax due, you pay the remaining tax when you file your income tax return; or
- **Greater than** the entire amount of ordinary income tax due, the government refunds

the excess withholding amount.

If you are receiving annuity payments, you can change your withholding choice as often as you want.

If You Do Not Make a Withholding Choice

If you do not make a withholding choice on your annuity payments, you will be defaulted to the withholding required by the Internal Revenue Service (IRS).

The IRS requires that your federal withholding be defaulted based on filing status of single with zero (0) allowances or exemptions. This may or may not be an appropriate amount to withhold for your situation. The more allowances or exemptions you choose, the lower amount of taxes withheld. If you require more allowances or exemptions, you must make your withholding choices accordingly.

Note: Even if you are married, your federal withholding choice **must** be defaulted to a single status if you fail to make your own choice. The default choice for state withholding varies depending on the state in which you live

Pension Payment Schedule

When to Expect Your Payment

Your pension check is payable on the 1st of the month. Paper checks and direct deposit notices are sent a few days before the 1st of the month so you will receive them on the 1st. When the 1st of the month is on a weekend or bank holiday, your payment is deposited on the first banking day following the weekend or bank holiday. If you are receiving direct deposits:

- When the 1st of the month is on a weekend or bank holiday, your payment is deposited on the first banking day after the 1st of the month.
- If January 1 falls on a weekend, your payment is deposited on the first business day in January. If the payment were deposited in December, your payment would be taxed in the wrong year because you would have received it in December.

Please contact the Retirement Center for details on the current year payment schedule.

What to Do If Your Payment Is Missing

The steps to take if your payment is missing depend on whether you have chosen to receive your payment as a paper check or direct deposit.

- **Paper Checks--**You can ask to have your payment stopped and reissued if you have not received the check 10 days after it was mailed. If you know that your check has been lost or destroyed, you do not have to wait 10 days before calling the UPMC Retirement Center.

Qualified Domestic Relations Order (QDRO)

If you become divorced or separated, certain court orders could require that part of your benefit be paid to someone else, such as your spouse or children, for example. This is known as a Qualified Domestic Relations Order (QDRO). A QDRO could affect benefits paid to you or your beneficiaries.

For a court order to qualify under the plan, certain procedures must be followed. Contact the UPMC Retirement Center for more information.

You may be charged a processing fee, which would be split equally between your account and the account of the alternate payee (unless directed otherwise by the QDRO).

Important Plan Information

Plan Identification

When dealing with or referring to the plan in benefit appeals or other correspondence, you will receive help more quickly if you identify the plan fully and accurately.

To identify the plan, use the Employer Identification Number (EIN) and the Plan Number (PN). The EIN for the UPMC Basic Retirement Plan is 25-1423657. The PN is 333.

The UPMC Basic Retirement Plan is a defined benefit plan.

Plan Year

Plan records are maintained on a calendar-year basis, starting each January 1 and ending each December 31.

Plan Trustee

The company's contributions to the plan are directed to the UPMC Pension Plan Trust Fund, which is the sole source of benefits. The trustee of the fund is:

The Bank of New York Mellon
One BNY Mellon Center, Room 3346
Pittsburgh, PA 15258-0001
412-234-5000

The trustee makes benefit payments as authorized by the Plan Administrator.

Service of Legal Process

Legal process may be served on:

UPMC c/o Benefits Department, Division of Human Resources
U.S. Steel Tower
600 Grant Street, 56th Floor
Pittsburgh, Pennsylvania 15219
1-800-994-2752, Option #1 and Option #3

Service of legal process may also be made upon the plan trustee or the Plan Administrator.

Funding Information and Source of Contributions

The plan is funded by contributions from the employer. Contributions are actuarially determined and are deposited in a trust fund. The trust fund that holds plan assets is The Bank of New York Mellon.

Pension Benefits Guarantee Corporation Insured (PBGC)

Benefits under this plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, PBGC does not guarantee all types of benefits under covered plans, and the amount of benefit protection is subject to certain limitations.

The PBGC guarantees vested benefits at the level in effect on the date of plan termination. However, if a plan has been in effect less than five years before it terminates, or if benefits have been increased within the five years before plan termination, the whole amount of the plan's vested benefits or the benefit increase may not be guaranteed. In addition, there is a ceiling on the amount of monthly benefit that PBGC guarantees, which is adjusted periodically.

For more information on the PBGC insurance protection and its limitations, ask your Plan Administrator or the PBGC. Inquiries to the PBGC should be addressed to the Office of Communications, PBGC, 2020 K Street NW., Washington, DC 20006. The PBGC Office of Communications may also be reached by calling (202) 254-4817.

Plan Sponsor and Administrator

UPMC sponsors and is the Plan Administrator for the UPMC Cash Balance Plan.

You may direct any questions about your rights under the plan to UPMC at any time by writing to this address:

UPMC
Benefits Department, Retirement
U.S. Steel Tower
600 Grant Street, Floor 56
Pittsburgh, PA 15219
1-800-994-2752, Option #1, Option #3

You and your beneficiary may obtain an updated list of the employers sponsoring the plan by sending a written request to the above address. The list of sponsoring employers is also available for inspection at the above address.

The Plan Administrator has been delegated full and final authority and discretion to:

- Make all final determinations or allow changes under the plan, including eligibility for benefits; and
- Interpret and construe all of the terms and provisions of the plan.

The Plan Administrator also authorizes or performs the day-to-day operations of the plan, such as authorizing benefit payments, considering appeals, resolving questions, maintaining records, filing reports, and distributing information to plan participants and beneficiaries. UPMC may delegate one or more of its duties to its agents.

Benefit Review Process

The plan follows a review process when you submit an application for benefits.

Initial Decision

When you file an application for benefits, the Plan Administrator reviews the application and makes a decision to either approve or deny it (in whole or in part). You will receive a written notice of the decision within 90 days of receipt of the claim by the plan. In some situations, the plan may need an extension of time to make a decision (for example, if the plan needs additional information). In these cases, the period may be extended for an additional 90 days. The extension notice will explain why an extension is necessary and when the plan expects to make a decision.

If Your Benefit Is Denied

If your benefit is denied, you will receive a written notice that explains:

- The specific reasons for the denial
- The specific plan provisions on which the denial is based
- A description of any additional material or information needed and an explanation of why it is necessary
- An explanation of the plan's benefit review procedures, applicable time limits, and your rights to bring a civil action under section 502(a) of the Employee Retirement Income Security Act of 1974 (ERISA) following a denial on review
- A lawsuit under ERISA Section 502(a)(1)(B) cannot be taken against the Plan or the Plan Administrator more than three (3) years following a denial on review under the Plan’s Benefit Review Process.

Request for Review If Your Benefit Is Denied

After receiving the notice, you, your beneficiary, or your authorized representative may ask for a full and fair review of the decision by writing to the Plan Administrator. You must make this request within 60 days of the date you receive notice of the denial. During the 60-day period, you or your authorized representative will be given reasonable access to all related documents and information, and you may request copies free of charge. You can also submit written comments, documents, records, and other information to the Plan Administrator.

Before any suit may be filed in a state or federal court, a claimant must exhaust the Plan’s administrative claims and appeals procedure within the timeframe established by the Plan.

Decision on Review

The Plan Administrator will review the claim again and make a decision based on all comments, documents, records, and other information you have submitted. In most cases, you will receive written notice of the Plan Administrator's decision within 60 days of receipt of your request for review. If necessary, however, the period may be extended for an additional 60 days. You will receive a written notice of this extension prior to the end of the initial 60-day period. If, on review, your benefit is denied, you will receive a written notice that explains:

- The specific reasons for the denial upon review;
- The specific plan provisions on which the denial is based;
- That you are entitled to receive a copy of all documents, records, and information relevant to your claim, upon request and free of charge; and
- Any voluntary appeal procedures offered by the plan, your right to obtain information about such procedures, and a statement of your right to bring an action under ERISA section 502(a).

The Plan Administrator has the exclusive authority to interpret the provisions of the plan and to make final determinations regarding claims for benefit under the plans described in this summary plan description (SPD).

A lawsuit under ERISA Section 502(a)(1)(B) cannot be taken against the Plan or the Plan Administrator more than three (3) years following a denial on review under the Plan's Benefit Review Process.

Situations Affecting Your Benefits

The Cash Balance Plan is designed to provide you with continuing income when your employment ends. However, some situations could affect your benefits. Those situations are summarized here:

- If you fail to make proper application for plan benefits or fail to provide necessary information, your payments may be delayed.
- If you leave the company permanently for any reason before you have 3 years of vesting service, your benefit may be forfeited.
- If you do not keep your most recent address on file and the company cannot locate you, your payments can be delayed. Once you (or your beneficiary, if you die) provide a current address, payments can be made.
- The Internal Revenue Service (IRS) sets maximum limits on the amount you and the company can contribute to your plan every year. These limits generally apply to higher paid employees. You will be notified if they affect you.
- Your Cash Balance Plan benefit belongs to you and may not be sold, assigned,

transferred, pledged, or garnisheed, under most circumstances. However, a Qualified Domestic Relations Order (QDRO) may assign to an alternate payee the right to a portion of the benefits payable to you under the plan.

- As required by law, alternate plan provisions go into effect if the plan becomes "top-heavy." The plan is top-heavy if more than 60% of cumulative accrued benefits under the plan are payable to "key employees." Key employees include company officers, highly paid employees who are 1% owners of the company, 5% owners of the company, and their beneficiaries. You will be notified in the unlikely event that the plan becomes top heavy.
- If you (or your beneficiary) are unable to care for your own affairs, any payments due may be paid to someone who is authorized to conduct your affairs. This may be someone selected by you or a court-appointed guardian.
- If you are absent from employment due to service in the uniformed services and are subsequently reemployed, you may be entitled to certain rights and benefits. For example, your period of military service may count toward eligibility, vesting, and benefit service.

Changes to the Cash Balance Plan

If There Are Changes

While the Plan Administrator expects to continue the Plan indefinitely, it reserves the right to amend, modify, suspend, or terminate the Plan at any time, in its sole discretion. If the Plan changes or ends, certain laws apply to protect part or all of your plan benefits.

A plan change may transfer plan assets and debt to another plan or split the plan into two (2) or more parts. If the Plan Administrator changes or ends the plan, it may decide to set up a different plan.

If the Plan Ends

In the unlikely event that the plan terminates, you are immediately 100% vested as of the termination date, and you automatically become entitled to a final distribution. The same applies if there is a partial termination affecting you.

Mergers, Consolidations, or Transfers

If the plan is merged or consolidated, or the plan assets are transferred to another plan, your current earned benefit is protected. Your earned benefit under the new plan, if the plan were to terminate immediately after the change, would at least equal the amount you would have been entitled to receive if the current pension plan had been terminated just before the merger, consolidation, or transfer.

Your Legal Rights under the Plan

As a participant in the Cash Balance Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA), which are listed below.

Receive Information about Your Plan and Benefits

As a plan participant, you are 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 insurance contracts 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 Pension and Welfare Benefits Administration; and
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies; and
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report; and
- Obtain a statement telling you whether you have a right to receive a pension benefit at normal retirement age (age 65) and, if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a benefit, the statement will tell you how much longer you have to work to get a right to a benefit. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people responsible for the operation of the Plan. The people who operate your plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of the plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a Domestic Relations Order, you may file suit in federal court.

If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if it finds your claim is frivolous).

A lawsuit under ERISA Section 502(a)(1)(B) cannot be taken against the Plan or the Plan Administrator more than three (3) years after the date that your initial written formal claim for eligibility was formally denied under the Plan's claims and appeals procedures.

Assistance with Your Questions

If you have any questions about your plan, you should contact the Plan Administrator.

If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory, or:

U.S. Department of Labor
Pension and Welfare Benefits Administration
Division of Technical Assistance and Inquiries
200 Constitution Avenue N.W.
Washington, D.C. 20210

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