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## Teamster-UPS National 401(k) Tax Deferred Savings Plan

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Helping to Deliver a Secure Future

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## Plan Highlights

Retirement is about being able to do what you want when you're ready to stop working. Whether you plan on traveling, taking up a new hobby or spending more time with the family, it's a time we all look forward to—and it will take money to do it. The Teamster-UPS National 401(k) Tax Deferred Savings Plan is a great way to save for your future plans, whatever they are. Saving through pre-tax contributions, Roth 401(k) contributions and after-tax contributions, as well as a variety of investment options, are just some of the Plan's features. Read on to find out how the Plan may help put you on the path to a more secure retirement.

### Eligibility and enrollment

You are eligible to participate in the Teamster-UPS National 401(k) Tax Deferred Savings Plan if you are a UPS employee who is represented by the International Brotherhood of Teamsters or another labor union approved by the Trustees.

Eligible employees can enroll as soon as they are employed by UPS and may enroll immediately either online or on the phone:

Log on to the Plan website at [www.teamsterups401kplan.com](http://www.teamsterups401kplan.com).

- Click "My Account"
- Click "Register Now" and follow the instructions to complete your enrollment

Call the toll-free Information Line at **800-537-0189** and follow the instructions to complete your enrollment.

### Automatic Enrollment

Full-time employees hired, rehired or transferred to an eligible job position on or after April 1, 2009 will be automatically enrolled 90 days after their date of hire at a 3% pre-tax deferral rate. Those contributions will be invested in the age-appropriate Bright Horizon Fund, based on a retirement age of 60. You may actively enroll at any time prior to being automatically enrolled. By actively enrolling, you can choose your own contribution rate and investment options. You may decline enrollment at any time prior to being automatically enrolled by going to [www.teamsterups401kplan.com](http://www.teamsterups401kplan.com) or calling **800-537-0189**.



## Your contributions

- You may make pre-tax and/or Roth 401(k) contributions from 1% to 35% of your eligible pay, up to the IRS limit of \$19,500 in 2020. Roth 401(k) contributions are not available in Puerto Rico.
- If you are 50 or older by December 31, 2020, you may make additional pre-tax and/or Roth 401(k) catch-up contributions from 1% to 35% of eligible pay, up to \$6,500. Participants located in Puerto Rico may make pre-tax contributions up to \$19,500 for 2020. Participants in Puerto Rico may make catch-up contributions of up to \$1,500 in 2020.
- You may contribute from 1% to 100% of your option week pay, if applicable, on a pre-tax and/or Roth 401(k) basis, up to the IRS limit for 2020.
- You may make after-tax contributions from 1% to 5% of your eligible pay.
- Pre-tax rollover contributions from qualified retirement plans and conduit Individual Retirement Accounts (IRA) are accepted into the Plan at any time.
- You may change your contribution percentage(s) at any time.

## Roth 401(k) Contributions

With Roth 401(k) contributions, you save on an after-tax basis. Any earnings on your personal Roth 401(k) contributions can be distributed tax-free in retirement, if you meet certain requirements.\* A 5% Roth 401(k) contribution to the Plan will result in the same amount being invested as a 5% pre-tax contribution, since contributions are applied to the same gross pay. What changes is how much comes out of your paycheck. Your current taxable income is higher if you choose to make Roth 401(k) contributions, so you will pay more in current taxes, and your take-home pay will be smaller. Roth 401(k) contributions and earnings can be withdrawn federal income tax free if the withdrawal is qualified. Roth 401(k) contributions are not available to participants located in Puerto Rico.

\* Generally, for your distribution to become qualified for federal income tax purposes, you have to wait at least five tax years after making your first Roth 401(k) contribution before taking a withdrawal and your withdrawals must begin no sooner than age 59½, or if you have died or become disabled. If your withdrawal does not meet these qualifications, your accumulated Roth 401(k) earnings—but not your personal Roth 401(k) contributions—will be taxed, and may be subject to a 10% early distribution penalty if you have not reached age 59½. State tax treatment may vary.

## Contribution Accelerator

This optional feature automatically increases your pre-tax contributions by 1% each year, up to a maximum of 10%. The increases take place at the same time each year, making them easy to plan for. If you would like your savings to increase more than 1% each year, you may choose to do so. Automatic increases will stop at 10%; however, you may change your contribution percentage at any time. If you are automatically enrolled, you will also automatically be signed up for the Contribution Accelerator feature. You may turn off the Contribution Accelerator feature at any time by using your online account tools.

## Directing contributions

- You may change how your future contributions are invested at any time.
- You may move existing account balances between the various investment options in the Plan at any time.
- All transfers must be made in 1% increments, and you cannot transfer money from one investment to another and back to the original option in the same day.

## Vesting

Your account is 100% vested at all times. This means that no matter how long you stay with UPS, you are entitled to the full value of your account when you retire or leave UPS.

## Hardship loans

You may borrow up to 50% of your account balance in the Plan (excluding your Self-Managed Account (SMA) and any portion of your Roth 401(k) account, if applicable), with a minimum loan of \$1,000\* and a maximum of \$50,000, across all UPS-sponsored plans for any of the following purposes:

- Purchase of a primary residence
- Post-secondary education expenses
- To prevent eviction from or foreclosure on your primary residence
- Unreimbursed medical expenses
- Payment for burial or funeral expenses for your deceased parent, spouse, child or other dependent
- Expenses for the repair of any damages to your principal residence that would qualify for the casualty deduction for federal income tax purposes
- Immediate and heavy financial need that cannot be satisfied by any other means

\*Immediate and heavy financial need must exceed \$2,500.

**You may have up to two loans outstanding at any time.**

- Repayment of your loan plus interest is made through after-tax payroll deduction
- You have up to five years to repay a non-residential loan and up to 20 years for a residential loan
- You must repay the loan in full within 90 days after termination or it will be considered a taxable event, subject to all current taxes and any early withdrawal penalties

## Withdrawals

### Hardship withdrawals

Prior to age 59½, you may withdraw a portion of your account balance (other than investment earnings on your pre-tax contributions and any portion of your Roth 401(k) account) in the event of a financial hardship for the following reasons:

- Purchase of a primary residence
- Post-secondary education expenses
- To prevent eviction from or foreclosure on your primary residence
- Unreimbursed medical expenses
- Payment for burial or funeral expenses for your deceased parent, spouse, child or other dependent
- Expenses for the repair of any damages to your principal residence that would qualify for the casualty deduction for federal income tax purposes

You must first exhaust all other loan and withdrawal possibilities before requesting a hardship withdrawal.

### In-service withdrawals

When you have reached age 59½ or older, you may make withdrawals of your pre-tax contributions without penalty even if you are still working for UPS.

Withdrawals of any rollover money in your account and after-tax contributions are allowed at any time.

Withdrawals from the Plan may be subject to 20% federal tax withholding. Employee pre-tax contributions that are part of a hardship withdrawal are not subject to the 20% withholding. If you are less than age 59½, federal income taxes may apply, state and local taxes may apply, and a 10% early withdrawal penalty may apply.

## Distributions

If your balance in the Plan is less than \$1,000, you may request one of the following options, 30 days after you retire or leave UPS:

- Take a lump-sum distribution
- Take a partial distribution (although all of your funds must be distributed from the Plan no later than 60 days following the date you leave UPS)
- Roll your balance over to an Individual Retirement Account (IRA) or another qualified plan

If you do not choose one of the options above, your account balance will automatically be distributed to you in cash.

If your balance in the Plan is \$1,000 or greater, you may request one of the following options, 30 days after you retire or leave UPS:

- Leave your money in the Plan (up to age 70½)
- Take installment payments
- Take a lump-sum distribution
- Take a partial distribution
- Roll your balance over to an IRA or another qualified plan

\* Once you reach age 72, the Plan will begin calculating your Required Minimum Distributions, which must be paid to you annually, taking into account any other distributions you may have received during each year.

Distributions from the Plan may be subject to a 20% federal tax withholding. A 10% penalty may also apply, if you are under age 59½.

## Investment options

The Teamster-UPS National 401(k) Tax Deferred Savings Plan offers you a diverse investment lineup to meet your needs, with flexibility to tailor your investment strategy.

To see how the options relate to one another, it's helpful to divide them into three main categories: target-date funds, core funds and other options.

TARGET-DATE FUNDS	CORE FUNDS	OTHER OPTIONS
Bright Horizon Retirement Income Fund Bright Horizon 2015 Fund Bright Horizon 2020 Fund Bright Horizon 2025 Fund Bright Horizon 2030 Fund Bright Horizon 2035 Fund Bright Horizon 2040 Fund Bright Horizon 2045 Fund Bright Horizon 2050 Fund Bright Horizon 2055 Fund Bright Horizon 2060 Fund	<b>Money Market</b> Government Short-Term Investment Fund*  <b>Stable Value</b> Stable Value Fund**  <b>U.S. Fixed Income</b> Bond Market Index Fund  <b>U.S. Balanced</b> Balanced Fund  <b>U.S. Stock</b> S&P 500 Equity Index Fund S&P 400 Midcap Index Fund Russell 2000 Index Fund REIT Index Fund  <b>International Stock</b> International Index Fund***	Self-Managed Account Morningstar® Retirement Manager <sup>SM</sup>

\* **An investment in the Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment, it is possible to lose money by investing in the Fund.**

\*\* Money cannot be transferred directly from the Stable Value Fund to the Government Short-Term Investment Fund or the Self-Managed Account.

\*\*\* The Plan will assess a 2% short-term trading fee for money transferred out of the International Index Fund and/or paid out as a distribution within 30 days of investment in the Fund.

All investing involves various risks, such as fixed income (interest rate), default, small cap, international and sector risk—including the possible loss of principal.

## Bright Horizon Funds

Target-date funds—or the Bright Horizon Funds—are for investors who want to take a simple, hands-off approach to the retirement investing process. When you invest in a Bright Horizon Fund, you're letting professional fund managers decide when and how to gradually change your asset allocation over time. All you have to do is pick the fund with the date closest to when you expect to begin using your money. For many investors, picking a Bright Horizon Fund and moving 100% of their money into that one option may be the simplest way to invest their retirement savings. And because each of the Bright Horizon Funds is well-diversified across many types of investments, choosing one is similar to investing in multiple core funds.

The Bright Horizon Funds are a series of pre-mixed funds and are tied to different maturity dates, as indicated by each fund's name. The target date is the approximate date when investors plan to start withdrawing their money; the principal value of the fund(s) is not guaranteed at any time, including at the target date. The asset allocation of target-date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your exposure in fixed income-type investments. A target-date fund should not be selected based solely on age or retirement date. Participants should carefully consider the investment objectives, risks, charges and expenses of any Fund before investing. Funds are not guaranteed investments and the stated asset allocation may be subject to change. It is possible to lose money by investing in securities, including losses near and following retirement.

## Core funds

The core funds are aimed at investors who are comfortable creating their own mix of investments from a focused menu of choices. By covering all the major asset classes, the core funds allow you to mix and match investments to create a well-diversified portfolio to suit your individual risk tolerance and goals.

## Morningstar Retirement Manager

Morningstar® Retirement Manager<sup>SM</sup> is for investors who seek a personalized strategy to help prepare them for retirement. This service helps to educate you on building and managing your 401(k) account and, in the process, helps put you on track to achieving your retirement goals. Morningstar Retirement Manager provides a personalized retirement plan that includes retirement age and income as well as recommendations around your savings rate, asset allocation and fund selection. One of the unique benefits of Morningstar Retirement Manager is that you choose whether you want to let the experienced investment professionals at Morningstar Associates, LLC manage your account (Managed Accounts) or if you want to manage your account yourself (Advice). With Managed Accounts, Morningstar Associates will manage your investments for you, selecting your investment lineup and adjusting your strategy and allocation as needed. This service is best suited for you if you don't have the time, skill or interest to manage your own account. This service costs 0.20% of assets annually. For example, an annual fee of \$200 (\$50 deducted quarterly) would be assessed for a balance of \$100,000 ( $\$100,000 \times 0.002$ ). With Advice, Morningstar Associates will provide investment education as well as personalized recommendations. However, you are ultimately responsible for monitoring your account and deciding whether to implement Morningstar Associates recommendations. The Advice service is offered at no additional fee.

## Self-Managed Account (SMA)

This option may be appropriate for experienced investors who are willing to take on more risk and wish to research and select from thousands of exchange-traded stocks or bonds and over 9,000 different mutual funds. You must transfer money from your core account (core funds and Bright Horizon Funds) into your SMA account. A balance of at least \$7,500 is required to open the account, and there is an initial transfer minimum of \$2,500. Subsequent transfers must be a minimum of \$1,000. You must keep at least 3% of your savings in your core account at the time you transfer money into your SMA. If you believe a Self-Managed Account can play an important role in your investment strategy, log on to the Plan's website at [www.teamsterups401kplan.com](http://www.teamsterups401kplan.com) to download an application or call **800-537-0189** and request an SMA package.

## How should I invest my money?

That's the one question retirement plan participants ask more than any other—with good reason. Choosing your investment mix just might be the most important step you take when it comes to preparing for a secure retirement. An investment strategy called asset allocation could help you build a better financial future.

### Want to learn more about asset allocation and investing?

You have access to a wealth of retirement planning information such as calculators, articles and presentations. Visit the Retirement Planning section of [www.teamsterups401kplan.com](http://www.teamsterups401kplan.com) for more information.

Simply put, asset allocation is the process of spreading your money across different kinds of asset classes, such as stocks, bonds and stable value investments. By dividing your portfolio among a variety of investment classes, you minimize your reliance on any one investment and help manage your investment risk. Historically, the markets move in cycles—generally, when one kind of investment is performing well, another may not be performing as well. Changing economic and financial market conditions affect asset classes differently. And, since you don't know which asset class will perform well next year or the year after, having a variety of asset classes in your portfolio may help you to better weather the rough spots in the market.

Keep in mind that application of asset allocation and diversification concepts does not assure a profit or protect against loss in a declining market. **You can to lose money by investing in securities.**

## Accessing and making changes to your account

Gaining access to your account is easy. Whether you choose to go online or pick up the phone, it's all at your fingertips. To access your account online, go to [www.teamsterups401kplan.com](http://www.teamsterups401kplan.com). From the website you can also access retirement and financial planning information, tools and tips. Or, call **800-537-0189** toll free to access your account over the phone. Participant service representatives are available Monday through Friday, 8 a.m. to 9 p.m. ET.

This information is just an overview of the Teamster-UPS National 401(k) Tax Deferred Savings Plan features and is not intended to contain all information about the Plan. Please see your Summary Plan Description for additional information. In the event the information contained here differs from the terms of the Plan Document, the Plan Document is the final authority.

## Teamster-UPS 401(k) Plan Providers

### Prudential Retirement

Prudential provides recordkeeping and account access services such as the toll-free information line and website. Call **800-537-0189** or go to [www.teamsterups401kplan.com](http://www.teamsterups401kplan.com) to access your account.

### Bank of New York Mellon

BNY Mellon provides investment management as well as trust and custody services for the Plan.

### Dreyfus Brokerage Services

Dreyfus provides the Self-Managed Account brokerage window. There is additional information regarding the SMA on the Plan's website, [www.teamsterups401kplan.com](http://www.teamsterups401kplan.com), or you may call **800-537-0189**.

**FINANCIAL SAFETY TIP: PLANNING FOR RETIREMENT DOESN'T HAPPEN OVERNIGHT. START YOUR PLANNING TODAY!**



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Bank of New York Mellon and Dreyfus are not affiliated with Prudential Financial or any of its companies or businesses.

Amounts withdrawn are subject to income taxes. Withdrawals before age 59½ may also be subject to a 10% federal income tax penalty and plan restrictions. See plan information regarding limitations on withdrawals from your 401(k) account.

Neither Prudential Financial nor any of its representatives are tax or legal advisors. You should consult your individual legal or tax advisor with any specific questions.

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