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# Retirement Informational Session

# Today's agenda

- Retirement Planning
- Pension
  - Cash Balance Pension (closed; partial freeze)
  - NS LLC Pension (frozen)
  - Pension Benefit Estimates
  - Pension distributions after termination
- Retirement Savings Plan (401k)
- Retirement Health Care Savings Account (RHCSA) (closed and frozen)
- Retirement process and timeline
- Vacation payout
- Social Security and Medicare considerations
- Additional resources

# Retirement planning

*The decision to retire is one of the most important decisions you will ever make ...*

- **Things to think about:**
  - How much money will I need?
  - How will longevity affect my retirement?
  - How will I plan for healthcare expenses?
- **Retirement income will likely come from many sources:**
  - Social Security
  - Defined Benefit Plans (Pension plan)
  - Defined Contribution Plans (401k plans)
  - Personal savings
  - Work

# Retirement expenses

- **Replacement ratio:** Assumes your retirement expenses are a percentage of your pre-retirement income
  - Typical replacement ratio is 70% - 100% of your pre-retirement income
- Considerations in setting your ratio:
  - Decrease in expenses: taxes, work-related expenses, child-related expenses, mortgage payoff, etc.
  - Increase in expenses: medical, travel, parental dependent care, etc.
- **Longevity:** How long you live will affect how much money you need to save
  - It's important to be able to estimate your life expectancy in order to make payments last over your lifetime
    - Social Security payments will be made on a monthly basis for life
    - Ingredion Defined Benefit plans (pension plans) allow for lifetime payments or a lump sum
    - 401k plans allow you to decide how you withdraw your money over your lifetime



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Pension

# Pension: Cash Balance

## Things to know about your Cash Balance ...

- You are eligible for this plan if you were a participant hired **prior to January 1, 2015**
- You are **fully vested** in your account balance **after three years of service**
- Each year, the **company will credit your account** with pay-based and interest credits

**Pay-based Credit =  
Pensionable Pay for the year  
x Pay Credit %**

- **Pensionable Pay** includes base salary, overtime and short-term incentive payments
- **Pay Credit Percentages** are based on years of service ranging from 3% - 10%.
  - Years of credited service are frozen and your pay credit percentage will not be any higher than it is in 2017. This means that no participant will be entitled to any increases in pay credit percentage after December 31, 2017.

**Interest credit =  
5-year Treasury Rate as of  
11/30 each year + 0.25%**

- Minimum of 3% per year (post-2015 accruals)
- Minimum of 5% per year (pre-2015 accruals)
- Maximum of 10% per year

# Pension: National Starch LLC

## *Things to know about your National Starch LLC pension . . .*

- Plan was frozen effective January 1, 2011 for eligible participants
  - Closed to new entrants on March 1, 2001 and rehires on April 1, 2002
- Frozen benefit statements were provided to all participants
  - Your monthly straight life annuity amount at normal retirement will not change
  - Your lump sum value and annuity amounts will change based on retirement date
- Normal retirement age under the plan is 65, however you may be able to commence benefits as early as age 55 depending on your service
  - Early Retirement (Unreduced): Age 60 with 5 years of vesting service or age 55 and meet the Rule of 85 (the sum of age in years and whole months plus Years of Vesting equals 85 or greater)
  - Early Retirement (Reduced\*): Age 55 with 5 years of vesting service
    - \*Reduced by 4% for each year (each full month to be 1/12 of a year) by which commencement precedes the first day of the month coinciding with or otherwise next following your 60th birthday

# Pension Benefit Estimates

*The purpose of a Pension Benefit Estimate is to provide you with an estimated dollar amount of the pension benefits available to you under the Plan as of your chosen expected commencement date*

## Process:

- Complete the Pension Benefit Estimate Request Form and submit the completed form to [benefits@ingredion.com](mailto:benefits@ingredion.com)

## Considerations:

- You must be age 50 and older
- You can only request an estimate once per calendar year (only one benefit commencement date per request)
- Estimates will not provide annuity options, only lump sum values (over 90% of participants take their distribution in the form of a lump sum)
- The lump sum value is based on interest rates and mortality assumptions, which may change from time to time
- Cash Balance estimates will only be provided as of December 31 of the year prior to your anticipated retirement date
- Estimates take approximately 8 weeks to be completed



# Pension distributions

***Pension Distributions may be requested by employees that are ready to retire and commence pension benefits. These requests cannot be submitted any earlier than 6 months (180 days) prior to the benefit commencement date.***

## Process:

- Complete the Pension Benefit Commencement Request Form and submit the completed form to [benefits@ingredion.com](mailto:benefits@ingredion.com)
  - The Cash Balance Pension distribution is calculated as of the first of a month, but will not be available any sooner than 60 – 90 days from last day worked or short-term incentive payment, whichever comes later
  - The NS LLC Pension distribution can be calculated as soon as the first of the month following last day worked, but request must be received 60 – 90 days prior to commencement date

## Considerations:

- You may receive your benefits in one of the following distribution options:
  - Lump Sum (Direct payment or Rollover)
  - Annuity (various types)
- The type of distribution you take will affect the payment amount and taxability
- If you change your benefit commencement date, you will be required to complete another Pension Benefit Commencement Request form. Furthermore, all applicable processing timelines indicated will be reset.



# Retirement Savings Plan (401k)

# Retirement Savings Plan (401k)

*Ingredion's Retirement Savings Plan, administered by Fidelity, helps you plan for retirement*

- You can defer up to a maximum of 75% of eligible compensation
  - Pre-tax, after-tax or a combination of the two
- Company Matching Contributions on pre-tax and/or after-tax deferrals
  - \$1 for \$1 up to 6%
- Employees hired on/after January 1, 2015 receive a flat 3% Basic Employer Contribution (unmatched) into their account (in-lieu of Cash Balance)
- Three-year step vesting schedule
  - 34% after 1 year of service, 67% after 2 years of service, 100% after 3 years of service
- Catch-Up Contributions
  - \$6,000 in 2017 – must be turning age 50 or older within current calendar year
- IRS 2017 Limit on pre-tax deferrals - \$18,000

# Retirement Savings Plan (401k)

## 401k at retirement ...

- What happens to outstanding loans?
  - If you have any outstanding loans from your Retirement Savings Plan account, the loan(s) must be paid in full by the end of the calendar quarter following the calendar quarter in which the loan repayments ceased or this amount will be treated as a taxable distribution under the Internal Revenue Service guidelines.
- You may receive your benefits in one of the following distribution options
  - Lump Sum (Direct Payment or Rollover)
  - Cash Payment Installment
    - If you elect an installment your vested account balance will be paid to you in annual or more frequent installments over a period that does not extend beyond life expectancy.
    - The amount of the distribution is calculated by taking your remaining account balance and dividing it by the number of remaining installments. Due to investment returns, the distribution amounts may be different for each installment period.
    - If you die before your entire vested account balance under the Plan has been distributed, the unpaid vested balance will be paid to your designated beneficiary(ies) (as designated on Fidelity's site).
    - You may also request a Lump Sum distribution of the remaining balance in your account after installments payments have begun.

# Retirement Savings Plan (401k)

## *401k at retirement ...*

- Tax Considerations
  - You will be taxed on a payment from the Plan if you do not roll it over.
  - If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions unless an exception applies.
  - Exceptions include, but are not limited to; payments made after you separate from service if you will be at least age 55 in the year of the separation and payments made due to disability.
- Upon retirement, please contact Fidelity (800-835-5091) to discuss your distribution options



# Retirement Health Care Spending Account (RHCSA)

# Retirement Health Care Spending Account (RHCSA)

## What is an RHCSA?

- Your RHCSA is a spending account set up to enable you to pay for the cost of healthcare coverage premiums during retirement
- Two RHCSAs will be established in your name: Your RHCSA and your Dependent RHCSA. Both accounts start with the same opening balance at retirement.
- You may use these accounts to pay for medical and/or dental coverage purchased through the Company or a private plan until age 65, and for a Medicare Supplement Plan thereafter.
- The account **no longer accrues credits**, however, does accrue interest

## You maintained access to an RHCSA if, as of December 31, 2014, you:

- Were an active employee of the Company, and
- Reached age 55 with at least 10 years of vesting service OR
- Reached age 45 with at least 15 years of vesting service \*
- *You are only eligible to use your RHCSAs if you retire after age 55 with 10 consecutive years of credited service. If you leave prior to age 55, you will forfeit the RHCSA.*

## Retirement Health Care Spending Account (RHCSA)

*What to know about your RHCSA ...*

***You must sign/return the Retirement Health Care Spending Account Benefit Election Form no later than 30 days after your last day worked or coverage under the Plan will be waived and your RHCSA balance will forfeit.***

- You will receive an annual RHCSA statement that will detail all credited activity in your accounts, including interest credits and premium payments
- You may not transfer funds from your RHCSA to your Dependent RHCSA or vice versa
- You cannot add a dependent/spouse that was never covered and once you drop a dependent/spouse you cannot add the dependent back on
- You are not required to be covered on the Ingredion medical and/or dental programs just prior to retirement in order to participate in the RHCSA at retirement



# Retirement Health Care Spending Account (RHCSA)

## *Pre-65 Coverage*

- You can use your RHCSA to obtain medical and/or dental coverage from the Company or opt-out to purchase a private plan (no employer-sponsored plans or COBRA)
- You can elect the same medical and dental plans offered to active employees at retiree rates (not COBRA rates)
- If you chose to opt-out of the Ingredion sponsored plan(s) when you enroll, you will not be eligible to enroll in an Ingredion plan, for retiree coverage, at any point in the future
- The balance in your RHCSA will be drawn down and applied toward the cost of your premiums for medical and/or dental coverage under the Company's plans or a private plan
- If you have exhausted your RHCSA balances and wish to continue to participate under the Company's medical and/or dental plan, you will be responsible for paying the premium
- If you enroll in a private plan, you will pay your premiums(s) to your carrier directly and then submit a request to the Company for reimbursement
  - Your reimbursement request must include proof of coverage and premium payment (which must be a bill, invoice or statement showing the cost of your premium)
  - Reimbursements are paid out 2 times per year (July and December)
  - The deadline to submit for reimbursement is June 30 and November 15 each year. Retirees must adhere to the reimbursement process and deadlines in order to get reimbursed

# Retirement Health Care Spending Account (RHCSA)

## 2017 Monthly RHCSA Rates

	Drawn from Retirees RHCSA	Drawn from Dependent RHCSA		
	Retiree	Spouse Only	Child(ren) Only	Family (Spouse + 1 or More Children)
BCBS HRP	\$919.41	\$1,287.18	\$735.53	\$2,206.59
BCBS HSP	\$854.05	\$1,195.67	\$683.24	\$2,049.72
MetLife Dental	\$39.04	\$47.35	\$37.31	\$88.16

# Retirement Health Care Spending Account (RHCSA)

## **Post-65 Coverage**

- You are not eligible to participate in the Company's medical and dental coverage
- You can use your RHCSA toward the cost of a Medicare Supplement Plan
  - Reimbursements from each RHCSA will be limited to an annual maximum (\$1,794 in 2017). This amount will be indexed for inflation, and will be prorated in the year in which you (or your spouse, as applicable) become Medicare eligible.
  - If your annual supplement premiums exceed the maximum, you must pay that additional amount yourself. If your annual supplement premiums are less than the maximum reimbursement, you will be reimbursed for the full cost of these premiums.
- You will pay your premiums(s) to your carrier directly and then submit a request to the Company for reimbursement
  - Your reimbursement request must include proof of coverage and premium payment (which must be a bill, invoice or statement showing the cost of your premium)
  - Reimbursements are paid out 2 times per year (July & December)
  - The deadline to submit for reimbursement is June 30 and November 15 each year. Retirees must adhere to the reimbursement process and deadlines in order to get reimbursed

## COBRA Coverage

- All employees who leave the organization are offered COBRA coverage for themselves and any dependents covered under the medical, dental, vision and FSA plans
- COBRA coverage allows for coverage for up to 18 months
- Coverage premiums are 102% of the full cost of the coverage
- Enrollment in COBRA must happen immediately following termination; paperwork is provided to exiting employees via their home address
- Employees must chose between RHCSA and COBRA; they cannot enroll in COBRA and then after 18 months enroll in RHCSA
- COBRA rates are lower than RHCSA rates

2017	Ee Only	Ee/Sps	Ee/Chd	Fam
BCBS HRP	\$510.52	\$1,225.24	\$918.94	\$1,735.76
BCBS HSP	\$471.43	\$1,131.45	\$848.59	\$1,602.89
MetLife Dental	\$34.73	\$76.86	\$67.92	\$113.16
MetLife Vision	\$6.75	\$13.53	\$11.46	\$18.88





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# Retirement Process and Timeline

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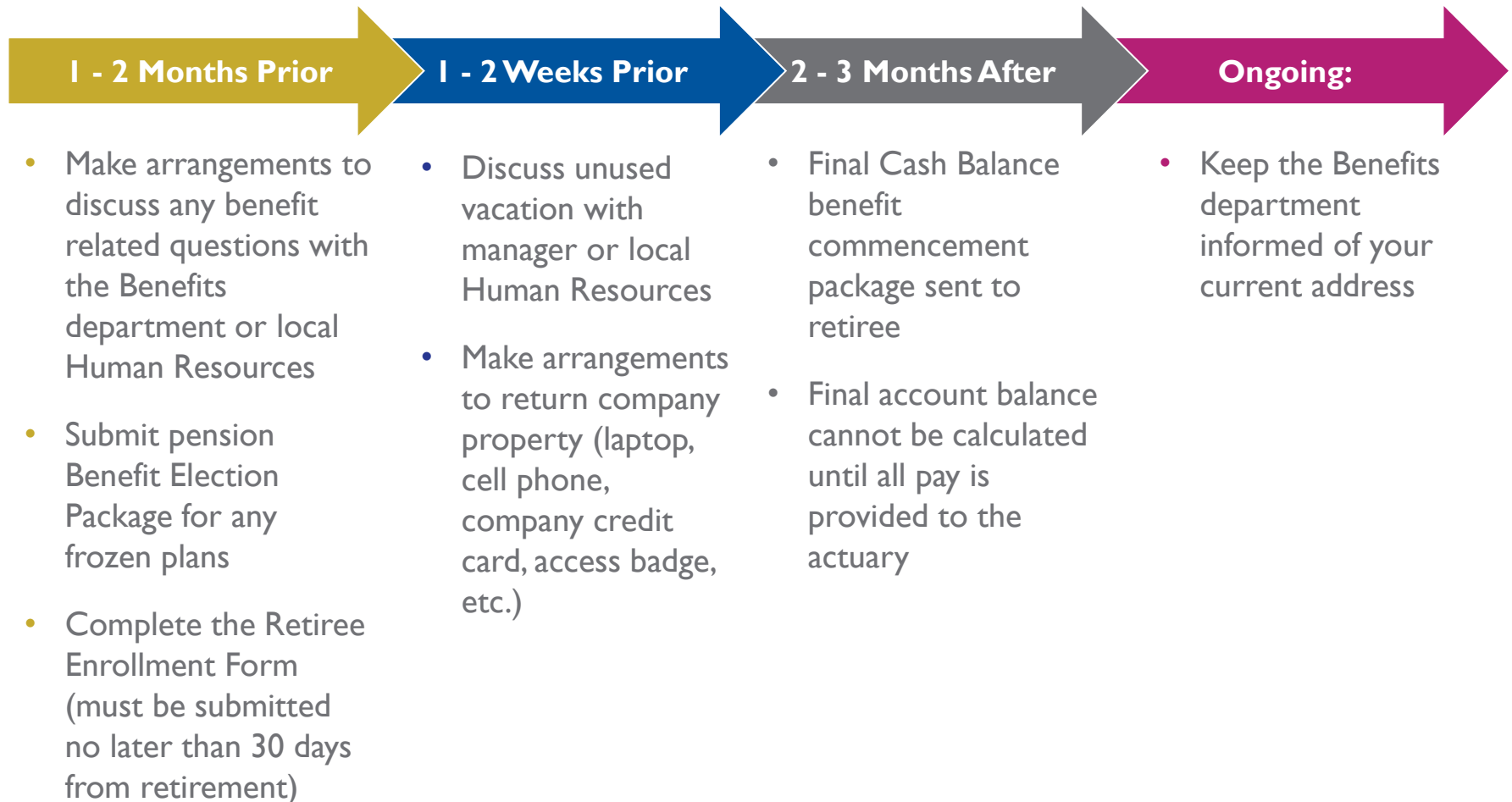
## 5-6 Months Prior

- Inform your manager of intent to retire
- Meet with HR Manager
- Investigate insurance options
  - Medicare
  - Retirement Health Care Savings Account (RHCSA)
  - Private plan (state exchanges, etc.)
- Retirement Income planning
  - Pension plan and 401k plan, other retirement vehicles outside of Ingredion (prior employer plans, IRAs, Social Security, etc.)
- Start gathering documentation required
  - Birth Certificate, Marriage Certificate, etc.

## 3-4 Months Prior

- Discuss 401k distribution / withdrawal options with Fidelity
- Prepare for any income gap between last paycheck and start of retirement payments
- Complete Pension Benefit Commencement Request Form for all pension plans

# Retirement Process and Timeline





# Payouts for Retirees



## STIP payout for retirees

The definition of "retirement eligible" to qualify for a mid-year prorated STIP payment is a combination of Age and Years of Service as follows:

- 1) Age 55 and 10 Years of Service, OR
- 2) Age 62 and 5 Years of Service, OR
- 3) Age 65

STIP rules stipulate that an employee has to be employed at least 90 days in the performance year to be eligible for a payout.

- Example: Employee meeting the retirement eligibility requirements retires April 1, 2017
  - Employee will receive a STIP payout for the 3 months of employment in March of 2018
  - Calculation of final Cash Balance benefit can be calculated after March 2018 payment



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# Social Security and Medicare

# Social Security

***Before you apply for retirement benefits, there are certain Social Security "basics" you should know***

- Your "full retirement age"
  - May be between age 66 and 67 depending on your date of birth. This could affect the amount of your benefits and when you want the benefits to start.
- When you can start benefits
  - As early as age 62 or as late as age 70
- Benefits are reduced for age
  - Monthly benefits will be reduced if you start them any time before "full retirement age."
- Working while you receive benefits
  - If you elect to receive benefits before you reach full retirement age, you should understand how continuing to work can affect your benefits
- Delayed retirement credits
  - Delayed retirement credits may be added to your benefits if they start after your full retirement age

# Social Security

- **Reminders:**
  - You must be at least 61 years and 9 months old to apply for retirement benefits
  - If you are already age 62, you may be able to start your benefits in the month you apply
  - You should apply for benefits no more than four months before the date you want your benefits to start
- **Social Security offers several different methods to apply for retirement benefits:**
  - By phone - Call 1-800-772-1213 from 7 AM to 7 PM Monday through Friday
  - In person - Visit [your local Social Security office](#) (Call first to make an appointment.)
  - Online at <https://www.ssa.gov/retire/>

# Medicare

- **Medicare is a health insurance program for:**
  - People age 65 or older,
  - People under age 65 with certain disabilities, and
  - People of all ages with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant).
- **How to Enroll:**
  - By phone - Call 1-800-772-1213 from 7 AM to 7 PM Monday through Friday
  - In person - Visit [your local Social Security office](#) (Call first to make an appointment.)

# Medicare has three components

## Part A Hospital Insurance

- Most don't pay a premium
- Helps cover inpatient care in hospitals, including critical access hospitals, and skilled nursing facilities (not custodial or long-term care).
- It also helps cover hospice care and some home health care
- Beneficiaries must meet certain conditions to get these benefits

## Part B Medical Insurance

- Most pay a monthly premium
- Helps cover doctors' services and outpatient care
- It also covers some other medical services that Part A doesn't cover, such as some of the services of physical and occupational therapists, and some home health care
- Part B helps pay for these covered services and supplies when they are medically necessary

## Prescription Drug Coverage

- Most pay a monthly premium. Starting January 1, 2006, new Medicare prescription drug coverage will be available to those with Medicare.
- Everyone with Medicare can get this coverage that may help lower prescription drug costs and help protect against higher costs in the future.
- Medicare Prescription Drug Coverage is insurance. Private companies provide the coverage.
- Beneficiaries choose the drug plan and pay a monthly premium.
- Like other insurance, if a beneficiary decides not to enroll in a drug plan when they are first eligible, they may pay a penalty if they choose to join later.



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## Additional Resources

# Additional Ingredion resources

## Local Human Resources

- Retirement Paperwork
- General Retirement Inquiries

## Ingredion Corporate Benefits - [Benefits@ingredion.com](mailto:Benefits@ingredion.com)

- Complex Retirement Inquiries
- Post-retirement Inquiries

## IngredionRewards.com – Thinking About Retiring?

- Retirement Forms
- Benefit Summaries
- Retiree Rates
- Retirement Timeline

## Fidelity Investments

1-800-835-5091

[www.401k.com](http://www.401k.com)

**Mercer Financial Wellness: RETIREMENT SOLUTIONS** are designed to take the stress out of retirement decisions, such as when to retire, when to claim Social Security benefits and why it makes sense to rollover accounts in to one plan.



# Fidelity Resources

- **Library:** Features useful articles designed to inform you of considerations in retirement.
- **Planning:** Have you thought through all the steps you need to take to transition into retirement? Here are three major planning areas to consider:
  - Turning savings into income
  - Timing your Social Security benefits
  - Planning for health care costs
- **Calculators and Tools:** Assists you in building an income strategy to meet your needs; whether you are saving to retire, preparing to retire or living in retirement.

The image displays two screenshots of the Ingredion Employee Benefits portal. The top screenshot shows the 'Library' section with a featured article titled '3 ways to help make your best financial decisions – for today and tomorrow'. Below the article are three sub-sections: 'Learn the basics to help improve your finances', 'Get tips to help plan for life's firsts', and 'Help grow your savings to protect your lifestyle'. The bottom screenshot shows the 'Calculators & Tools' section with various tools categorized by topic, such as 'Getting Ready to Retire', 'Investing Strategies', 'Living in Retirement', 'Saving and Spending', and 'Saving for Retirement'.

# Fidelity Planning Offerings

49% of participants receiving help via telephone take action



- **EDUCATION:** Communication and tools that help to build understanding and knowledge.
  - “**What do I need to know to make confident decisions?**”



- **ADVICE:** Financial-decision support with point-in-time recommendations, or through managed accounts with ongoing investment monitoring. Delivered through personal live channels and tools.
  - Investment Advice: “**What should I do?**”
  - Professionally Managed Accounts: “**Can you do it for me?**”

According to a recent study by EBRI  
**67%** of workers surveyed cited that their preferred source of advice would be a financial services company retained by their employer

# Fidelity Planning & Guidance Center

**Get started quickly.** As a customer, all you need to do is log in. We'll include your Fidelity account information and give you the option to include accounts you hold outside of Fidelity.

**Easily create or review your goals.** We can help you set up or work towards your goals whether you've already figured out the specifics or are just getting started.

**Explore potential changes.** See how different decisions may impact your outlook.

**You'll get a detailed analysis for your goals:**

**Retirement planning:** Find out how prepared you are for retirement, how much retirement income you may have, and how long your money may last.

**College savings:** Get an estimate of college costs and see how much you may need to save.

**Investment strategy:** Get an in-depth analysis of your portfolio and explore different approaches to help align with your goals.

**A clear plan of action.** We'll provide summary of changes you explored during your session and a printable report with next steps for you to consider.



# Fidelity Investor Centers

- Local, face-to-face guidance to help address comprehensive financial needs.
- What's Included:
  - **Specialized investment planning capabilities**
    - For employees seeking a more comprehensive approach to planning
    - Suite of services:
      - Investment strategy
      - Retirement income planning
      - Income and asset protection
      - Family assistance
  - **Nationwide network**
    - More than 180 centers
    - Licensed professionals available by appointment
- Key Benefits:
  - **Assistance with unique and complex needs**
    - A consultative approach to addressing complex financial needs
    - Representatives leverage online planning programs and educational seminars to build and manage individual plans
    - Dedicated relationship support for long-term planning



## Mercer Financial Wellness Tool

Available to all US employees (union and non union)

- Tools available:
  - Credit wellness & monitoring through Experian
  - Personal loans through Avant
  - Online investing through Sig Fig
  - Student loan refinancing through Common Bond
  - Financial coaching through My Secure Advantage
  - Free tax filing through Free File Alliance
- Other tools available to track expenses, create a budget, and link accounts



# Additional Resources - Government

## Centers for Medicare & Medicaid Services

Phone number: 1-800-MEDICARE (1-800-633-4227) Website: [www.medicare.gov](http://www.medicare.gov)

- [When and How to Sign up for Medicare Part A & Part B](#)
- Your Medicare Costs
- [Medicare & You: Understanding Your Medicare Choices](#)

## Social Security Administration

Phone number: 1-800-772-1213 Website: [www.ssa.gov](http://www.ssa.gov)

- Applying for Social Security and/or Medicare Benefits
- [Retirement Planner](#) – find your retirement age, estimate your benefits

## Internal Revenue Service

Website: [www.irs.gov](http://www.irs.gov)

## National Council on Aging

Website: [www.ncoa.org](http://www.ncoa.org)

## Administration of Aging, U.S. Department of Health & Human Services

Phone number: 1-202-619-0724 Website: [www.aoa.gov](http://www.aoa.gov)

## U.S. Department of Labor - Employee Benefits Security Administration

Phone number: 1-866-444-3272 Website: [www.askebsa.dol.gov](http://www.askebsa.dol.gov)

- [Retirement Toolkit](#)

Disclaimer: Ingredion Incorporated does not endorse—and is not responsible for—any information you may gather from these organizations.



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# Questions/Feedback