



THE RETIREMENT GROUP<sup>LLC</sup>  
PARTNERS IN RETIREMENT

# Retirement/Transition Guide For Conocophillips Employees



Updated  
Rates For  
October

2020

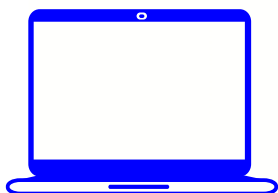
# Introduction

For more information on SECURE and CARES ACT, see pages 4 & 5

The Retirement Group was founded with the goal of assisting our Conocophillips (COP) corporate employees in every aspect of their financial lives as they transition into retirement. We provide the most personal service available, thus earning a reputation for excellence in our industry. For each of our clients we strive to help create financial stability and security to provide financial independence.

Our staff consists of experienced professionals who know COP benefits and provide a "hands on" approach to financial guidance. We have experience in the oil and gas sector working with companies in the upstream, midstream, and downstream segments of the industry. With all the current market changes happening in the upstream segment, our advisors are well equipped to handle our clients' specific needs. Not only do clients find our team members knowledgeable, but they also discover that our staff truly cares about making their dreams a reality. We do everything in our power to keep our clients focused on where they want to go, advise them on how to get there, and continually remind them of the importance of maintaining a disciplined approach to pursue their goals.

Our company is based on the principle that education and understanding of one's current financial situation is vital to successfully make prudent decisions concerning one's financial future.



**Learn more by visiting:**

**[www.theretirementgroup.com](http://www.theretirementgroup.com)**

As you transition from COP, we want to share information to help you make important decisions that affect you and your family's well-being.

This guide tells you about COP benefits, steps to take, and where to find resources that will help you get the most from your retirement benefits.

Please note: This guide lists the actions you must take to access your retirement benefits. Read the Tips on Using This Guide section for more information and refer to the COP Summary Plan Description for a full description[4].

**Disclosure:** The Retirement Group is not affiliated with COP.

# Introduction

From past interactions with our current and former ConocoPhillips clients, we have been helping employees and retirees make decisions in regard to the following and more:

- ConocoPhillips Savings Plan (CPSP)
- ConocoPhillips Pension Plan (CPPP)
- Phillips 66 Savings Plan (P66SP)
- Phillips 66 Pension Plan (P66PP)
- VCIP
- Restricted Share Units (RSUs)
- Performance Share Program (PSP)
- Key Employee Supplemental Retirement Plan (KESRP)
- Key Employee Deferred Compensation Plan (KEDCP)
- Targeted Variable Long Term Incentive Plan (TVLTI)

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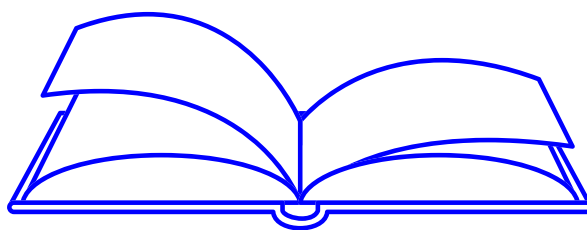
# Stages of Retirement

This specially designed guide offers a summarized list of steps to simplify your transition into retirement. We provide links to websites and other resources you will need to help you get the most from your retirement benefits.

**Please note:** This guide is a summary of the actions you must take to access your retirement benefits. For full details, you should review the COP summary plan descriptions (SPD) (4) that apply to your retirement benefits. For health and welfare benefits, if you are still an active employee, call the COP Benefits Center and request the applicable SPDs(4). This is a summary of steps to take before and after leaving COP. The official plan documents are the final authority on the terms of the plans.

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on early retirement offers  
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**"Early Retirement Offers"**



## Stages of Retirement

Retirement planning, whether you are 20 or 60, is something we must actively plan towards annually. Yet, numerous polls and experts say the majority of Americans don't know how much to save or the income they will need.

### Getting started... Your 20's and early 30's

Everyone knows it's critical to start in your 20's and early 30's. Many suffer from impending anxiety from not saving enough, while others are grateful they feel secure.

TIME... It is the one advantage you will never get again. As some of you may know, compounding has significant impacts on future savings. Starting early matters and the key is to increase/maximize your COP 401(k) contributions.

# Stages of Retirement

Say you open a tax-deductible Individual Retirement Account (IRA) at age 25 and invest \$100 a month until age 65. If the account earns 8% a year, you could amass \$349,100 by age 65. If you wait until age 35 to start saving the same \$100 a month, you could end up with \$149,035 when you are 65. Waiting 10 years to start saving and investing could cost you substantially.

There are three primary reasons why a 401(k) is such a popular retirement savings vehicle: **matching contributions, tax benefits, and compound growth.**

Matching contributions is what it sounds like: It's when your employer matches your own 401(k) contributions with company money. If your employer matches, they'll typically match up to a certain percent of the amount you put in.

Let's say that your employer matches up to 3% of your contributions to the plan, dollar for dollar. If you contribute 2% of your salary to your plan, your total 401(k) contribution will be 4% of your salary each month after the employer match is added. If you bump up your contribution by just 1% (so you're putting in 3% of your salary), your total contribution is now 6% with the employer match.

Unfortunately, many workers don't take full advantage of the employer match because they're not putting in enough themselves. A recent study revealed that employees who don't maximize the company match typically leave \$1,336 of potential extra retirement money on the table each year. (23)

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# Stages of Retirement

## **Working on it... Your 30's through your 40's.**

At this stage, you're likely full stride into your career and your income probably reflects that. The challenges to saving for retirement at this stage come from large competing expenses: a mortgage, raising children and saving for their college. Try investing a minimum of 10% of your salary towards retirement. Always, maximize the COP contribution match.

One of the classic conflicts is saving for retirement versus saving for college. Most financial planners will tell you that retirement should be your top priority because your child can usually find support from financial aid whereas you'll be on your own to fund your retirement.

## **The home stretch... Your 50's and 60's.**

Ideally, you're at your peak earning years and some of the major household expenses, such as a mortgage or child-rearing, are behind you, or soon will be. Now, it's time boost your retirement savings goal to 20% or more of your income as it's the last opportunity to stash away funds.

Workers age 50 or older, in 2020, can invest up to \$19,500 into their retirement plan/401(k). Once they meet this limit they can add an additional \$6,500 in catch up contributions. These limits are adjusted annually for inflation. If you are over 50, you may be eligible to use a catch-up contribution within your IRA.

**To find more in depth information  
on early retirement offers  
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**"Early Retirement Offers"**



# New Legislation (SECURE Act)

## The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act)

- If you turn 70 ½ after the end of 2019 you will not be required to begin required minimum distributions until the age of 72.
- You may now continue to contribute to an IRA after you turn 70 ½ if you are still employed.
- If you have student loans, you are now allowed to withdraw up to \$10,000 annually from a 529 account to pay down debt.
- You are permitted to withdraw up to \$5,000, penalty-free, to assist with the cost of adopting or having a new child.
- Inherited IRAs given to non-spousal beneficiaries must now withdraw the balance of the account within 10 years of the death of the original account holder, thus eliminating a strategy known as a stretch IRA.
- Created more options for lifetime payout benefits from employer sponsored retirement savings plans.



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our monthly newsletter to  
receive financial updates!**

**TRG Blog**

Sources: (36 & 37)



# New Legislation (CARES Act)

## The Coronavirus Aid, Relief and and Economic Security Act of 2020 (CARES Act)

- Required minimum distributions (RMDs) from IRAs, Inherited IRAs, 401(k)s, 403(b)s, 457(b)s and other retirement plans have been suspended for 2020.
- For 2020, you can withdraw up to \$100,000, penalty-free, from retirement accounts such as a 401(k) or an IRA account if you qualify under one of two categories:
  - You, your spouse or a dependent is diagnosed with COVID-19.
  - You have suffered financial consequences as a result of the pandemic.
- The maximum amount that can be borrowed from a 401(k), for loans made between March 27, 2020 and September 22, 2020, was increased from the lesser of \$50,000 or 50% of the plan participant's account balance to the lesser of \$100,000 or 100% of the participant's balance if you meet one the above qualifications.
- You may now qualify for a new above-the-line tax deduction of \$300 for charitable contributions. The new deduction allows those who do not itemize their tax deductions to receive a tax credit of up to \$300 per individual from donating cash to a charity in 2020.
  - The new above-the-line \$300 deduction for cash gifts cannot be given to donor-advised funds (DAFs) or supporting organizations (SOs).
- The 2020 limit for cash gifts to most public charities was increased from 60% of adjusted gross income to 100% of AGI.
- The cutoff date for making 2019 IRA, Roth IRA, Health Savings Account, Archer Medical Savings Account and Coverdell Education Savings Account contributions for 2019 has been extended from April 15th to July 15th.

Sources: (36 & 37)

# COP Pension Plan

Whether you're changing jobs or retiring from COP, knowing what to do with your hard-earned retirement savings can be difficult. An employer-sponsored plan, such as a Pension & 401(k), may make up the majority of your COP retirement savings, but how much do you really know about that plan and how it works? There are seemingly endless rules that vary from one retirement plan to the next, early out offers, interest rate impacts, age penalties, & complex tax impacts.

Increasing your investment balance and reducing taxes is the key to a successful retirement plan spending strategy. Our advisors at The Retirement Group can help you understand how your retirement 401(k) fits into your overall financial picture and how to make that plan work for you.



"Workers are far more likely to rely on their workplace defined contribution (DC) retirement plans as a source of income. 8 in 10 believe this will be a major or minor source of income in retirement. 3 in 4 expect income to come from their personal retirement savings or investments."

- Employee Benefit Research Institute

**As of March 2019, 71% of full-time private-sector American workers had access to an employer retirement plan, but only 56% chose to participate. Regardless of what you choose to do with the funds from your employer retirement plan, you're already ahead of 44% of all workers.(1)**

## Will ConocoPhillips freeze its pension?

As of October of 2020, ExxonMobil has decided to halt the company's contributions to employee savings accounts. Considering the headwinds faced by oil and gas companies this year, it begs the question, is ConocoPhillips' pension at risk of being frozen? What would it look like if they did? A pension freeze would mean employees won't be able to accrue any additional future benefits. They would however be able to collect the benefits which they have already earned. Over the past several decades many corporations have moved to defined contribution (DC) plans and moved away from defined benefit (DB) plans. Companies freeze or off-load DB pension plans in order to cut down on their current pension obligations. By making the switch from a DB plan to a DC plan corporations can also shift risk from the company to the workers. The trend is good for investors because companies who relieve themselves of pension debt become less risky investments. However this trend can negatively impact employees who often rely on those DB plans for their retirement years.





# COP Pension Plan - Overview

**Your ConocoPhillips Savings Plan administration services are moving from Vanguard to Fidelity Investments® effective Jan. 2, 2020.**

UNDERSTAND KEY DATES	REVIEW THE TRANSFER PROCESS	VERIFY YOUR BENEFICIARY DESIGNATIONS
There will be a blackout period—a period of time when you will be unable to access or transact in your Plan account. To help you plan ahead, see the <i>Key dates</i> section below.	Your assets will move from Vanguard to Fidelity using the same investment options and balances as of Dec. 31, 2019. The investment options in the Plan will not change as a result of this transition. For details, see the <i>How will my money transfer?</i> section on page 2.	If you have designated beneficiary information online at Vanguard, we will transfer your information to Fidelity. After the blackout period ends, please verify your beneficiary information and make any changes as needed.

BLACKOUT PERIOD BEGINS	ASSET TRANSFER		BLACKOUT PERIOD ENDS
<b>Dec. 26, 2019 at 3 p.m. Central time</b>  You have until 3 p.m. Central time to take the following actions in your Vanguard account: <ul style="list-style-type: none"><li>Request a transfer between investment options;</li><li>Request a loan or distribution;</li><li>Check your account balance; or</li><li>Make changes to your contribution rate.</li></ul>	<b>Dec. 31, 2019 at 3 p.m. Central time</b>  Your account balance will be valued by Vanguard at 3 p.m. Central time.	<b>Jan. 2, 2020</b>  Your account balance is scheduled to transfer to Fidelity. See the <i>How will my money transfer?</i> section on page 2.	<b>Week of Jan. 12, 2020</b>  You will be notified of the time when you will have full access to your Fidelity account this week. Fidelity needs time to reconcile and audit final participant files received from Vanguard before the blackout period can end.  Once the blackout period ends, you may manage your account online through Fidelity NetBenefits® at <a href="http://www.netbenefits.com">www.netbenefits.com</a> or by calling Fidelity at 833-637-4015.

## Investment Options are not changing

Any balances you have invested in these investment options at Vanguard as of Dec. 31, 2019 will transfer to the same investment options at Fidelity and remain invested in the market during the blackout period. Future contributions will also be invested in these investment options at Fidelity.

Vanguard Target Retirement Trusts Plus will continue to serve as the plan's default investment option. This means that if you have not previously directed your contributions to an investment option, contributions will be invested in the Vanguard Target Retirement Trust Plus with the target retirement date closest to the year you will reach age 65.

# COP Pension Plan - Overview

**Once the blackout period ends, you will have access to your plan information via Fidelity NetBenefits®**

<b>Company Match and Discretionary Contributions (1)</b> (active eligible employees only)	When you contribute a minimum of 1% of your eligible pay each period, you will receive a 6% company match each pay period with a 0%-6% semi-annual company discretionary contribution. The target for the company discretionary contribution is 3% for a 9% total company contribution.
<b>Other Company Contributions</b> (active eligible employees only)	(i) If you were hired (or rehired) on or after Jan. 1, 2019, or (ii) you were hired (or rehired) prior to Jan. 1, 2019 and you elected to discontinue your participation in the ConocoPhillips Cash Balance Account, the company will also make a company retirement contribution of 6% of eligible compensation each payroll period to the Plan.
<b>Roth 401(k)/After-Tax Contribution</b>	<p>In addition to being able to make pre-tax contributions to the Plan, active eligible employees can continue to make after-tax and Roth 401(k) contributions. The Roth 401(k) contribution option lets you contribute to the Plan on an after-tax basis and make potentially tax-free withdrawals in retirement (2).</p> <p>The Plan will be adding the Roth In-Plan Conversion feature, effective Jan. 1, 2020. This feature allows eligible vested Plan balances to be rolled over to a designated Roth account within the Plan, even if those amounts are not currently available for withdrawal. Making a Roth In-Plan Conversion will have immediate tax consequences; please consult with your personal tax advisor before making a conversion.</p>
<b>Beneficiary Designations</b>	<p>If you have designated beneficiary information on file at Vanguard, we will transfer your information to Fidelity. After the blackout period ends, please verify your beneficiary information and make any changes as needed.</p> <p>With Fidelity's Online Beneficiaries Service, you can designate your beneficiaries, receive instant online confirmation, and check your beneficiary information virtually any time. Once the transition is complete, log on to NetBenefits or call Fidelity to view or designate your beneficiary information.</p>
<b>Loans</b>	Any outstanding loan balances in the Plan at Vanguard will transfer to Fidelity. If you are currently an active participant in the Plan at Vanguard, you will continue to repay your loan(s) at Fidelity in the same manner as you have with Vanguard. The transition will not affect the terms or length of your loan(s). (3)
<b>Bank Information</b>	Any bank information you have stored at Vanguard will not transfer to Fidelity. You will need to re-establish your bank information at Fidelity before you can receive or send electronic payments. Once the transition is complete, log on to NetBenefits or call Fidelity to set up your bank information. Until you set up your bank information at Fidelity, all payments (including any applicable loan repayments) will be sent as a check. In order to keep any existing loan repayments that are not made from your paycheck current, you will want to set up your electronic payment information as soon as possible after the blackout period ends.
<b>Account Statements</b>	<p>Your Final account statement from Vanguard will be available in January 2020 and distributed based on your communication preference at Vanguard.</p> <p>Your First quarterly statement from Fidelity will be available online in April 2020. Compare Fidelity's beginning individual account balances with your final Vanguard statement's ending individual account balances, and contact Fidelity with any questions. Account statements will not be automatically mailed to your home; they will be available on NetBenefits at <a href="http://www.netbenefits.com">www.netbenefits.com</a>. To change your mail preferences and request that statements be mailed to your home address, call Fidelity at 833-637-4015 or log on to NetBenefits at <a href="http://www.netbenefits.com">www.netbenefits.com</a>. Select <i>Profile</i>, then <i>Preferences</i>.</p>

# COP Pension Plan - Overview

## ConocoPhillips Retirement Plan

As it turns out, there are 8 different pension plans at ConocoPhillips, called Titles. Most employees fall under Title I, Title II or Title IV. If you don't fall under one of these plans or aren't sure which plan you fall under, please reach out to one of our financial advisors for further guidance.

### Title I: Phillips Retirement Income Plan (PRIP)

This pension plan impacts most heritage Phillips employees and is a *Defined Benefit* pension plan, calculated using your Final Average Earnings with the company, your total service, and a Social Security Offset. The normal retirement age is 65, however it is possible to receive an unreduced benefit as early as age 60. Although there is no early retirement reduction, there is an actuarial reduction. As with all the pension plans, the PRIP may be taken as a Lump Sum, a Single Life Annuity, or a Joint Survivor Annuity with various survivorship options.

The PRIP cannot be commenced until age 55. You may also have age penalties, which are about 5% per year prior to age 60, if you work until at least 55. These penalties can be even more costly if you leave the company prior to age 55.

If you are considering a lump-sum on this pension plan, it is very important to pay attention to interest rates as you approach retirement. Interest rates on this plan change quarterly and have a negative correlation with the lump-sum payout (i.e. rising interest rates will typically reduce the value of your lump-sum). The interest rates that are used in this calculation are the Corporate Bond Segment Rates as well as the GATT rate (30-year Treasury), which impact different segments of your career. ConocoPhillips will use the average interest rates of the fourth month prior to the quarter you commence your benefit, which can be helpful in timing the election of your benefit to maximize the lump-sum payout. **[Click here for current interest rates.](#)**



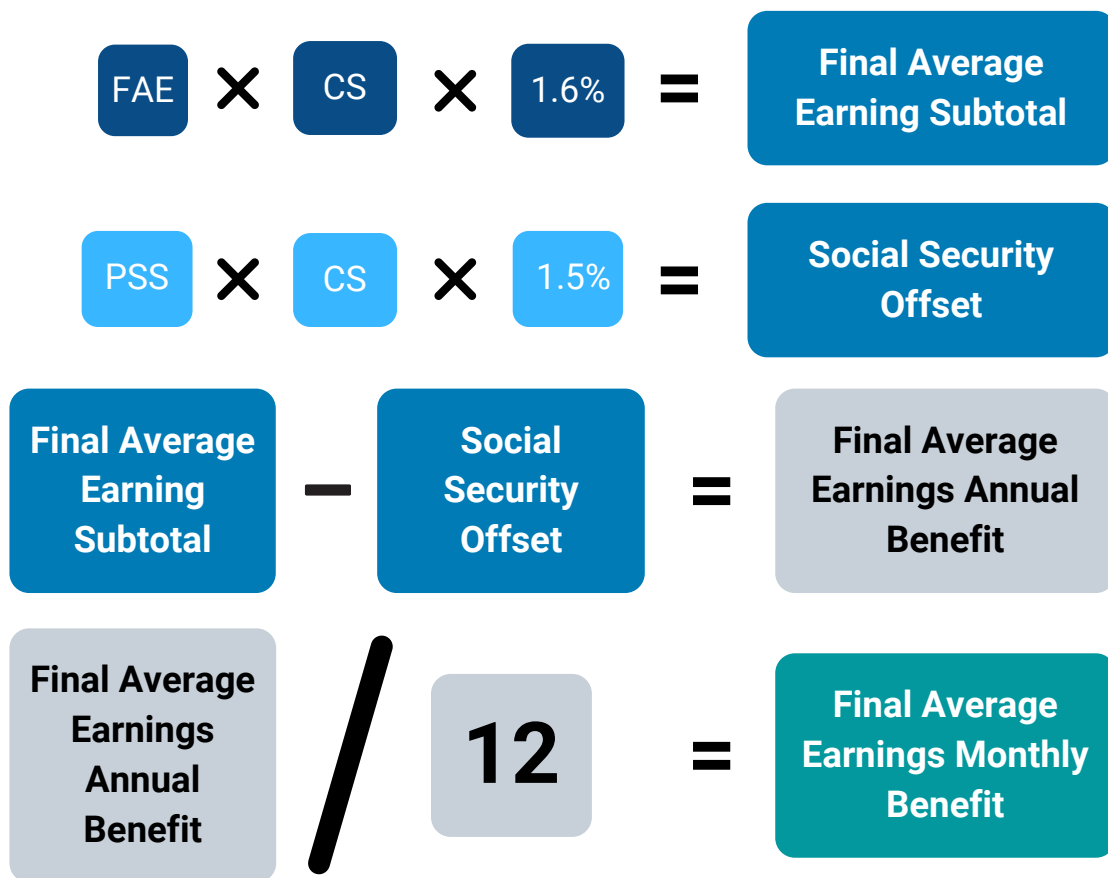
# COP Pension Plan - Overview

## How To Calculate Your Monthly Benefit under the PRIP

Final Average Earnings (FAE) = The monthly average of your highest 3 consecutive years of annual earnings out of the last 11 calendar years.

Credited Service (CS) = The number of months you have been participating in the Title I plan. Limited to 576 credits in Final Average Earnings Subtotal; limited to 400 credits in Social Security Offset.

Primary Social Security (PSS) = The estimated monthly Social Security benefit that you would receive at your normal retirement age.



### Companies make mistakes:

- If the company over-projects your offset: Send in your social security statement to correct. This can lead to a larger annuity/lump-sum benefit.
- If the company under-projects your offset: You get to keep the larger benefit.
- **Be careful sending in your statement without first consulting a TRG advisor.**

# COP Pension Plan - Overview

## Alternative Formula under the PRIP

As an alternative to the Final Average Earnings Monthly Benefit, you may receive the Minimum Retirement Income Benefit. This benefit is calculated using the following formula:

Credited Service (CS) = The number of months you have been participating in the Title I plan. Limited to 576 credits.

$\$15 \times CS = \text{Annual Minimum Retirement Income Benefit}$

$\text{Annual Minimum Retirement Income Benefit} / 12 = \text{Monthly Minimum Retirement Income Benefit}$

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# COP Pension Plan - Overview

## Title II: ConocoPhillips Cash Balance Plan (CBP)

This pension plan is considered a *Defined Contribution* pension plan and was originally offered after the merger between Conoco Inc. and Phillips Petroleum Co. This is the pension plan offered to most new hires and was also offered to existing employees after the merger who wanted to switch over from their heritage pension plans. As with all the pension plans, the CBP may be taken as a Lump Sum, a Single Life Annuity, or a Joint Survivor Annuity with various survivorship options.

The CBP is credited monthly by ConocoPhillips with both interest credits and pay credits. The Interest Credits are based on 30-year Treasury rates and the Pay Credits are based on total age and service points as follows:

Age Points + Service Points = Number of points

Under 44 points = 6% pay credit percentage

44 through 65 points = 7% pay credit percentage

66 or more points = 9% pay credit percentage

Unlike the *Defined Benefit* pension plans, the CBP lump-sum does not fluctuate quarterly based on changing interest rates. In fact, it is actually a benefit to this plan when interest rates rise, as the plan will receive higher interest credits. The annuity options on this pension, however, may be affected by changing interest rates, so we recommend paying attention to them if you are considering one of the annuity options on this pension.





# COP Pension Plan - Overview

## How To Calculate Your Monthly Credits with the ConocoPhillips Cash Balance Plan:

Eligible Monthly Pay = Annual earnings  $\div$  12

Pay Credit % = See table on previous page

Monthly Interest Credit Rate = 30 Year U.S. Treasury Rate from 4 months before quarter of retirement (no less than 0.99%)

Eligible  
Monthly Pay

$\times$

Pay  
Credit %

=

Pay Credits

Account Value  
at end of  
previous Month

$\times$

Monthly Interest  
Credit rate

=

Interest  
Credits

Pay Credits

+

Interest  
Credits

=

Credits to add to  
account value

# COP Pension Plan - Overview

## ConocoPhillips Cash Balance Plan Changes 1/1/2019:

The COP Cash Balance Plan was closed 1/1/19 for new hires and moved to the 401K making it like a Money Purchase Pension Plan within the 401K. If you were a participant, you could either keep the CB Plan or move to the new plan. The new plan keeps the same 6%, 7%, 9% contributions metrics. So total COP contributions now range from 12% - 18% (15% goal) for newer employees, and 15% - 21% (18% goal) for older employees. Credits are based on points by combining age and service. Under 44 = 6%, 44 – 65 = 7%, and 66+ = 9%. The 401K still has the 6% match and the 0%-6% discretionary with the goal of 3% for a target of 9% total.

There are pros and cons to the Cash Balance Plan being moved to the 401K:

**Pro** – You now have full control of the funds for investment purposes and they are not tied to low treasury rates.

**Con** - If you are highly compensated or want to max your 401K it reduces the amount based on the \$57K total contributions cap. Previously the Cash Balance Plan was under pension rules and not part of the cap. Example: For someone who is making \$150K and has more than 66 points, the 9% or \$13,500 that used to go into the CB plan now goes into the 401K and reduces the amount they can contribute by that much. That same person would have a target of 18% or \$27K going in from COP. Assuming they are over age

50, the max total is \$63,500 leaving \$36,500 or 24.33% eligible for contributions. If they made \$200K it leaves \$27,500 or 13.75% for contributions and costs them \$18K in contributions that used to be in the CB Pension Plan. Hopefully they elected to remain in the plan and not move to the new plan!



## Title IV: Retirement Plan of Conoco (RPC)

This pension plan impacts most heritage Conoco employees and, like the PRIP, is a Defined Benefit pension plan, calculated using your Final Average Earnings with the company (High 3 Formula), your total service, and a Social Security Offset. The normal retirement age is 65, but qualifying employees become eligible once they are 50 years old with at least 10 years of service. As with all the pension plans, the CBP may be taken as a Lump Sum, a Single Life Annuity, or a Joint Survivor Annuity with various survivorship options.

Although age 50 is the earliest you may begin your pension benefit under the RPC, it is possible to receive a pension benefit without making it to the 50 plus 10 milestone. However, benefits are substantially reduced, as age penalties for a normal retirement are about 4% per year prior to age 60.

If you are considering a lump-sum on this pension plan, it is very important to pay attention to interest rates as you approach retirement. Interest rates on this plan change quarterly and have a negative correlation with the lump-sum payout (i.e. rising interest rates will typically reduce the value of your lump-sum). The interest rates that are used in this calculation are the Corporate Bond Segment Rates, the GATT rate (30-year Treasury), and the PBGC rate, all of which impact different segments of your career. ConocoPhillips will use the average interest rates of the fourth month prior to the quarter you commence your benefit, which can be helpful in timing the election of your benefit to maximize the lump sum payout. **[Click here for current interest rates.](#)**





## How to Calculate Your Monthly Benefit Under the Retirement Plan of Conoco:

There are 3 formula options for this plan, but usually the High 3 Formula yields the highest benefit.

### High 3 Formula:

Annual average of highest compensation over 3 consecutive years (or 36 months) x  
Years of Creditable Service x (1.6%/12) = 3 Year Average Compensation calculation  
Primary Social Security Benefit x Years of Creditable Service x 1.5% = Social Security  
Offset  
3 Year Average Compensation calculation - Social Security Offset = Monthly Benefit  
under High 3 Formula

### High 10 Formula (Only applies to employees who joined Title IV plan before 1971):

Annual average of highest compensation over 10 consecutive years - \$3,000 = Excess  
compensation  
Excess compensation x 1.5% = Excess benefit  
Excess benefit + \$30 = Preliminary benefit  
Preliminary benefit x Years of Creditable Service = Annual Benefit under High 10  
Formula  
Annual Benefit under High 10 Formula ÷ 12 = Monthly Benefit under High 10 Formula

### Minimum Benefit Formula:

Years of Service x \$12 = Initial Benefit  
Initial Benefit - result of either High 3 or High 10 calculation (whichever is higher) over  
period in which employee was eligible but did not participate in Title IV plan = Monthly  
Benefit under Minimum Formula

### Companies make mistakes:

- If the company over-projects your offset: Send in your social security statement and correct the mistake. This can lead to a larger annuity/lump-sum benefit.
- If the company under-projects your offset: You get to keep the larger benefit.
- **Be careful sending in your statement without first consulting a TRG advisor.**

## Where to Find Information About Your Pension Benefit

NetBenefits is a website that contains your complete personalized pension benefit information. Log on to NetBenefits at <http://hr.conocophillips.com/contacts-resources/fidelity/>.

Deciding to start your ConocoPhillips pension benefits is an important milestone that involves specific mandatory actions. The process requires you to be on top of every action step and deadline along the way. As you start your retirement process, be sure to pay close attention to the steps you have to take and the specific deadlines for each one.

This guide will help you stay on track throughout the process. To get started:

1. Get familiar with a few key terms related to the retirement process.
2. Review the overall process timeline .
3. Learn all you can by using the resources available to you.
4. Understand how your actions will impact the timing of your pension payment.
5. Get started on your retirement process to-do list.



# Information

# COP Pension Plan - Retirement Timeline

## 60-90 days before you want your pension benefits to begin:

- Establish your employment end date with your supervisor and notify your HRBP.
- Request your pension paperwork and confirm what other benefits you are eligible for through [Fidelity NetBenefits](#) or call the Retirement Center at 833-637-4015.
- If you and/or your spouse are eligible for Medicare on your employment end date, contact the Benefits Center at 800-622-5501 to avoid a gap in medical coverage.

## 30-60 days before you want your pension benefits to begin

- Elect your form of pension payment on [Fidelity NetBenefits](#) or call the Retirement Center at 833-637-4015.
- Return required retirement forms.

## After your employment end date

- If eligible, enroll in retiree medical and/or life insurance on My Benefits within 30 days or any COBRA coverage within 65 days. You may also call the Benefits Center at 800-622-5501.
- Receive your pension payment approximately four to six weeks after your benefit calculation has been finalized.
- Consider when you'd like to take a distribution from your ConocoPhillips Savings Plan. Contact Fidelity at 833-637-4015 or [visit site](#).



## Your Pension Paperwork – Timing Is Everything

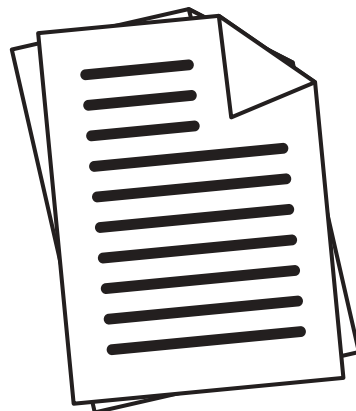
You may have the option to choose a lump-sum benefit payment or monthly annuity payments. No matter which form of payment you choose, you must request and submit specific paperwork to receive your money. Every step of the process must be completed by each deadline. Generally, your lump-sum payment will be made four to six weeks after your benefit commencement date (BCD).

### Important Information About Critical Dates in the Retirement Process:

- Request your pension paperwork about 60 to 90 days ahead of your BCD – but no later than the 15th of the month before your BCD.
- If you request your paperwork after the 15th of the month, your BCD will be delayed by a month. This date (the 15th of the month) is critical if you elect a lump-sum pension payment, as the interest rate as of your BCD is used to calculate your benefit.
- If electing a monthly annuity, the Benefits Center must receive your completed pension paperwork on or before the fifth of the month before your BCD.
  - If the Benefits Center receives your pension paperwork on time, you can expect your first payment around your BCD.
  - If the Benefits Center receives your paperwork later in the process, your payment will be delayed accordingly.

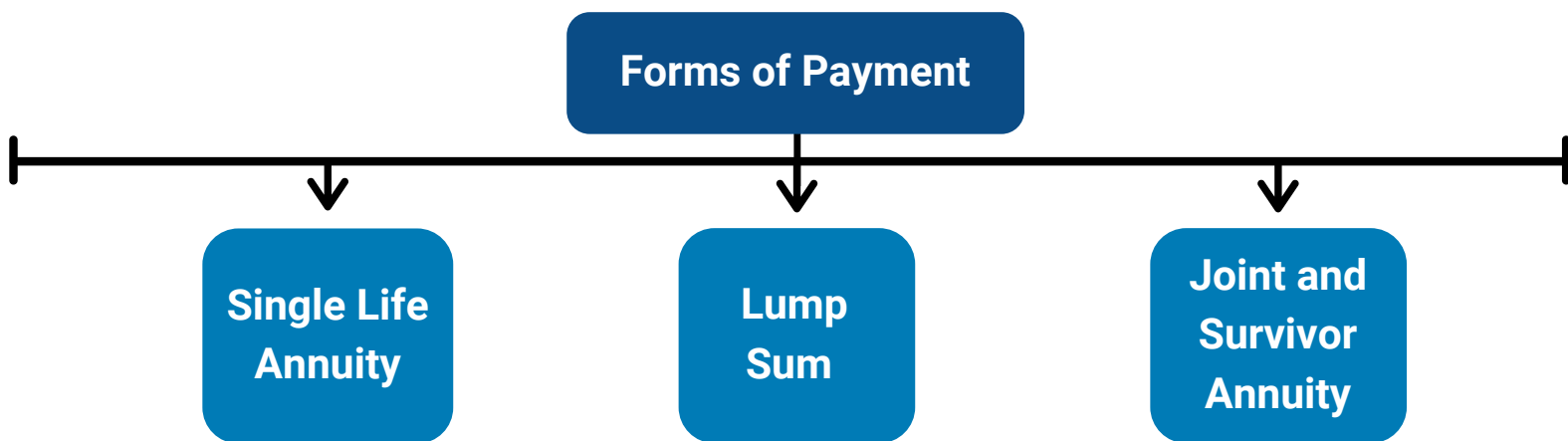
**Attend a Retirement Group Webinar  
on your COP Pension Plan. Click  
here to reserve your spot!**

**Webinar RSVP**





# COP Pension Plan: Distribution Options



- **Immediate Straight Life Annuity:** Provides a fixed monthly payment for your life. No monthly payments will be made after your death.
- **Total Lump-Sum Payment:** A single cash payment of your vested balance. The cash payment can be rolled over to an IRA or to a qualified employer plan.
- **Immediate Joint and Survivor Annuity:** Provides fixed monthly payments for your life. On your death, 50%, 75% or 100% (depending on the percent you elect) of the original monthly payment will continue for the life of your joint annuitant. If you die, joint annuitant payments are payable only to the individual you name when you select this option. You may not change your joint annuitant after annuity payments begin. If you name your spouse as your joint annuitant, the annuity is payable only to that spouse—not to anyone else you may marry at a later date.



**For more information on  
lump sum vs. annuity,  
read our e-book**

**"Lump Sum vs. Annuity"**

# COP Pension Plan: Payment Options

Thinking about what to do with your pension is an important part of planning for your retirement at COP. Should you take the Lump Sum or Annuity? When should you take it? What is best for you and your family? To find out more information read our "[Lump Sum vs. Annuity](#)" e-book.

You should routinely use the tools and resources found on The Retirement Group's e-book gallery, such as the [EnergyKit](#)(17), to model your pension benefit in retirement and the pension payment options that will be available to you.

You can also contact a COP dedicated advisor at The Retirement Group at (800)-900-5867. We will get you in front of a COP focused advisor to help you start the retirement process and tell you about your payment.

**Note:** We recommend you read the COP Summary Plan Description. The Retirement Group is not affiliated with COP.

## Next Step:

- Determine if you should take the COP Pension as a Lump Sum or Annuity.
- How do interest rates affect your decision?
- Use the "[EnergyKit](#)" (17) to understand cash flow, interest rates, and explore which pension option might be the best fit for you during retirement.
- As you get closer to your retirement date, contact a COP focused advisor at The Retirement Group and also read the applicable SPD Summary(4) to start your retirement process.
- COP will need you to provide documents that show proof of birth, marriage, divorce, Social Security number, etc., for you and your spouse/legally recognized partner.
- COP has Beneficiary Designation online to make updates to your beneficiary designations, if applicable to your pension program. Please read your SPD for more details(4)



**To find more information on determining how much cash flow you need in retirement, read our e-book**

**"Determining Cash Flow"**

## Lump-Sum vs. Annuity

Retirees who are eligible for a pension are often offered the choice of whether to actually take the pension payments for life, or receive a lump-sum dollar amount for the “equivalent” value of the pension – with the idea that you could then take the money (rolling it over to an IRA), invest it, and generate your own cash flows by taking systematic withdrawals throughout retirement.

The upside of keeping the pension itself is that the payments are guaranteed to continue for life (at least to the extent that the pension plan itself remains solvent and doesn’t default). Thus, whether you live 10, 20, or 30 (or more!) years in retirement, you don’t have to worry about the risk of outliving the money.

By contrast, selecting the lump-sum gives you the potential to invest, earn more growth, and potentially generate even greater retirement cash flow. Additionally, if something happens to you, any unused account balance will be available to a surviving spouse or heirs. However, if you fail to invest the funds for sufficient growth, there’s a danger that the money could run out altogether, and that you may regret not having held onto the pension’s “income for life” guarantee.

Ultimately, though, whether it is really a “risk” to outlive the guaranteed lifetime payments that the pension offers, by taking a lump-sum, depends on what kind of return must be generated on that lump-sum to replicate the payments. After all, if the reality is that it would only take a return of 1% to 2% on that lump sum to create the same pension cash flows for a lifetime, there is little risk that you will outlive the lump-sum even if you withdraw from it for life(10). However, if the pension payments can only be replaced with a higher and much riskier rate of return, there’s also a greater risk those returns won’t manifest and you could run out of money.

**For more information on lump sum  
vs. annuity, read our e-book**

**"Lump Sum vs. Annuity"**

## Interest Rates and Life Expectancy

In many defined benefit plans, like the COP pension plan, current and future retirees are offered a lump-sum payout or a monthly pension benefit. Sometimes these plans have billions of dollars worth of unfunded pension liabilities, and in order to get the liability off the books, they offer a lump-sum.

Depending on life expectancy, the initial lump-sum is typically less money than regular pension payments over a normal retirement time frame. However, most individuals that opt for the lump-sum plan to invest the majority of the proceeds, as most of the funds aren't needed immediately after retirement.

Something else to keep in mind is that current interest rates, as well as your life expectancy at retirement, have an impact on annuity payout options of defined benefit pension plans. Lump sum payouts are typically higher in a low interest rate environment, but be careful because lump sums decrease in a rising interest rate environment.

Additionally, projected pension lump sum benefits for active employees will often decrease as an employee ages and their life expectancy decreases. This is can potentially be a detriment of continuing to work, so it is important that you run your pension numbers often and thoroughly understand the timing issues. Other factors such as income needs, need for survivor benefits, and tax liabilities often dictate the decision to take the lump-sum over the annuity option on the pension.



**For more information on  
rising interest rates,  
read our e-book**

**"Rising Interest Rates"**

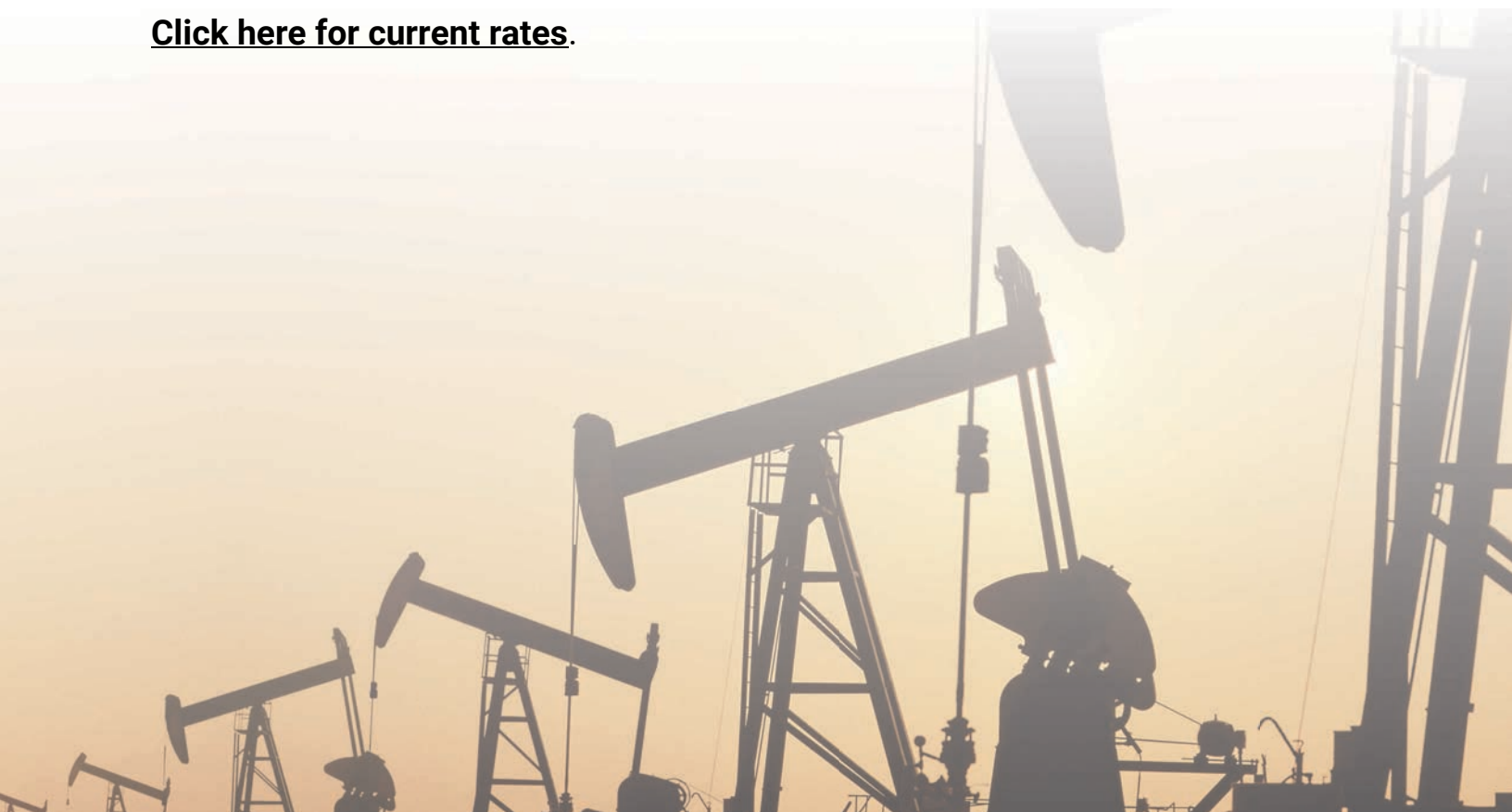


## Interest Rates

Interest rates are currently sitting at record lows for individuals that commence their benefits in Q1 2021. Over the last year, interest rates have dropped dramatically, which has greatly increased many lump sum payments. Should you desire to take your pension as a lump sum, ConocoPhillips will use interest rates and your age to calculate your lump sum payment. When interest rates move up or down, your pension lump sum amount will move in an inverse relationship (except for Cash Balance Pension Lump Sum payouts).

The 30-year Treasury and Corporate Bond Segment Rates are approximately 1% lower today than they were just 1 year ago. On average, a 1% decline in interest rates results in roughly an 8%-12% increase to your pension lump sum (varies by age). Conversely, a 1% increase to interest rates results in roughly an 8%-12% drop in your lump sum pension value.

**[Click here for current rates.](#)**



# COP 401(k) Plan

## Eligibility

- You are eligible to participate in the plan if you are an active employee on the direct U.S. dollar payroll. Contact [NetBenefits](#) to enroll in the plan at any time following your date of hire.

## Contributions to the plan

- The plan consists of your voluntary contributions and company matching, discretionary and retirement contributions.

## Company Matching and Discretionary Contributions:

When you contribute 1% of eligible pay, you will receive a 6% company matching contribution. You must contribute at least 1% each pay period to receive the company match for each pay period.

The company may make an additional 0% – 6% discretionary contribution. The target for the discretionary contribution is 3%, for a 9% total company contribution (match + discretionary). The discretionary contribution of 0% – 6% will be based on factors such as company performance and market conditions. It will be reviewed twice a year for the January – June and July – December periods (each an award period) and deposited as a lump sum into your account in the same investment options that you have selected for your voluntary contributions to the plan.

## Company Retirement Contributions:

If you were (1) hired (or rehired) on or after January 1, 2019, or (2) hired (or rehired) prior to January 1, 2019, and you elected to discontinue receiving pay credits in the ConocoPhillips Cash Balance Account or you are a former Tosco employee who was eligible for contributions in Lieu of Pension (CLP), you are eligible for a company retirement contribution of 6% of eligible pay.

**For more information about  
401(k) savings plans,  
read our e-book**

**"A Look at 401(k) Plan Fees"**



## 401(K) Contribution Example: Sally elects to contribute 8% of her eligible pay

### Sally's annual before-tax contributions (8% x \$75,000):

Matched	1%	\$ 750
Unmatched	7%	<u>+ \$ 5,250</u>
Total	8%	\$ 6,000

### Company matching contributions

\$6 for \$1 up to 1%:	\$ 4,500
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### Company discretionary contributions

\$2 for \$1 up to 1% January – June:	\$ 750
\$4 for \$1 up to 1% July – December:	\$ 1,500

### Company retirement contributions

6% of base salary and VCIP:	<u>+ \$ 4,842</u>
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**Total Company contributions:** \$ 11,592

**Total contributions for the calendar year** \$17,592

## Vesting

Vesting refers to your right to ownership in your account balance. You are always 100% vested in your voluntary contributions, company matching and company discretionary contributions.

After three years of service with the company, or when you reach age 65 or age 55 with at least five years of service, you are 100% vested in any company retirement contributions.

## Break in Service

If you terminate your employment before you are vested in company retirement contributions and later return, you may have what is called a break in service. This occurs when you fail to return to employment within a 12-month period. If the number of break in service years between when you terminated employment and your rehire is five years or greater, you may be required to restart the three-year vesting period for company retirement contributions.



## Loans

You may be eligible to apply for a loan from the plan if:

- You are an active employee; and
- You have an account balance of \$2,000 or more.

The maximum amount allowed by federal law is the lesser of:

- \$50,000, minus the sum of all your highest outstanding loan balances during the one-year period ending on the valuation date before the date the loan is issued. For this purpose, all loans from all employer plans are aggregated; and
- 50% of your account balance (excluding company retirement contributions) in this plan, minus the sum of all your outstanding loan balances from all employer plans as determined on the valuation date immediately before the date upon which the loan proceeds are distributed.

## Withdrawals

Type of Withdrawal	Money Available for Withdrawal	Approval Required	Paperless Withdrawal
Regular	<ul style="list-style-type: none"> <li>• <a href="#">After-tax contributions</a> (excludes Tosco QNEC)</li> <li>• Company matching contributions</li> <li>• Company discretionary contributions</li> </ul>	No	Yes, contact Vanguard.
Age 59½	<ul style="list-style-type: none"> <li>• <a href="#">Before-tax contributions</a></li> <li>• <a href="#">Roth 401(k) contributions</a></li> </ul>	No	Yes, contact Vanguard.
Total disability	<ul style="list-style-type: none"> <li>• <a href="#">Before-tax contributions</a></li> <li>• <a href="#">Roth 401(k) contributions</a></li> </ul>	Yes, you must return a completed, valid Physician Certification Form (which will be supplied to you with your withdrawal forms) or a Social Security Administration disability determination. The Physician Certification Form is valid for six months from the date signed.	No, contact Vanguard to initiate the withdrawal. Vanguard will mail you a preprinted withdrawal form. Complete the form and return it to Vanguard by regular or express mail. In order to be valid, the form must be received by Vanguard within 45 days from the date it was produced. ( <b>Note:</b> The preprinted form cannot be changed. Request a new form if you want to change your withdrawal request.)
Hardship	<ul style="list-style-type: none"> <li>• <a href="#">Before-tax contributions</a></li> <li>• <a href="#">Roth 401(k) contributions</a></li> </ul>	Yes, subject to IRS requirements.	No, contact Vanguard to initiate the withdrawal. Complete, sign and return the hardship withdrawal form to Vanguard for approval.

## Next Step:

- Watch for your Participant Distribution Notice and Special Tax Notice Regarding Plan Payments. These notices will help explain your options and what the federal tax implications may be for your vested account balance.
- ["What has Worked in Investing"](#)(18) & ["8 Tenets when picking a Mutual Fund"](#)(7).
- To learn about your distribution options, call The Retirement Group at (800)-900-5867. Click our e-book for more information on ["Rollover Strategies for 401\(k\)s"](#)(14)
- Use the COP Online Beneficiary Designation to make updates to your beneficiary designations, if needed.



## Coronavirus Loans

Because of the CARES Act, the maximum loan you can take from your 401(k) has been increased.

The new maximum amount under the CARES Act is the lesser of:

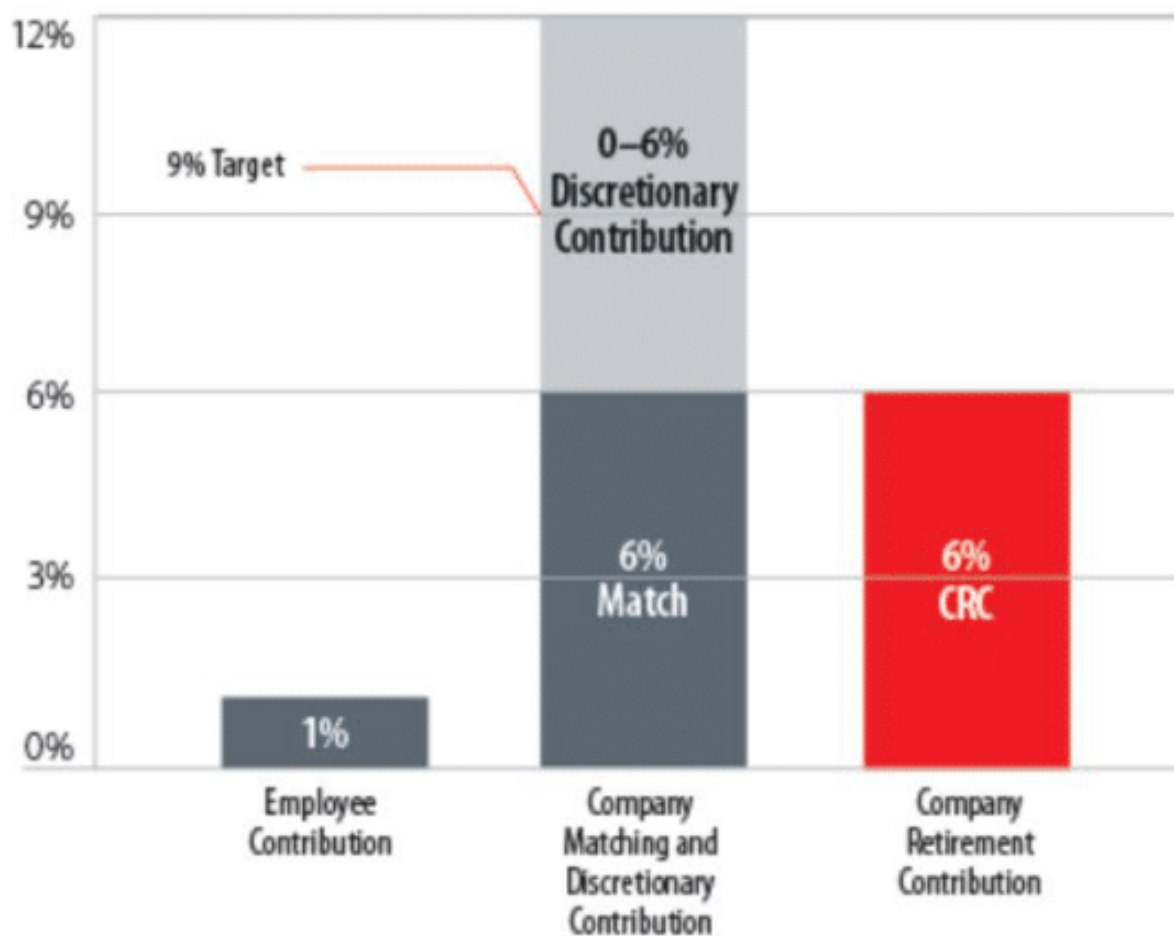
- \$100,000, minus the sum of all your highest outstanding loan balances during the one-year period ending on the valuation date before the date the loan is issued. For this purpose, all loans from all employer plans are aggregated; and
- 100% of your vested account balance (excluding company retirement contributions) in this plan, minus the sum of all your outstanding loan balances from all employer plans as determined on the valuation date immediately before the date upon which the loan proceeds are distributed.



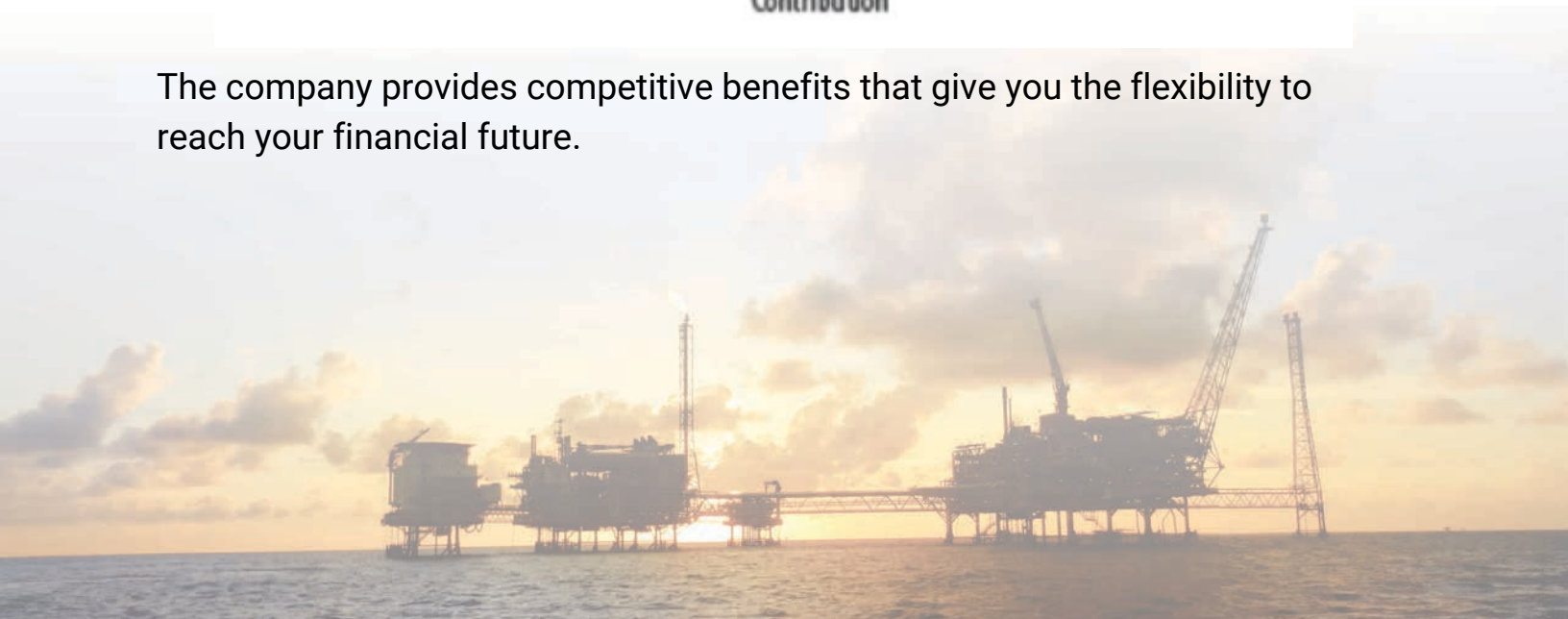
# COP 401(k) Plan

The Conocophillips Savings Plan transition is complete. Participants can access their accounts on [NetBenefits](#) or seamlessly through HR Express.

## ConocoPhillips Savings



The company provides competitive benefits that give you the flexibility to reach your financial future.



# COP 401(k) Plan

When is the last time you reviewed your 401(k) plan account or made any changes to it? If it's been a while, you're not alone. 73% of plan participants spend less than five hours researching their 401(k) investment choices each year, and when it comes to making account changes, the story is even worse.

When faced with a problem or challenge, many of us are programmed to try to figure it out on our own rather than ask for help. The Christmas Eve ritual of assembling toys without looking at the instructions and that road trip when we refused to stop to ask for directions come to mind. But when we're talking about 401(k) investing, choosing to go at it alone rather than get help can hurt.

Over half of plan participants admit they don't have the time, interest or knowledge needed to manage their 401(k) portfolio. But the benefits of getting help go beyond convenience. Studies like this one, from Charles Schwab, show those plan participants who get help with their investments tend to have portfolios that perform better: The annual performance gap between those who get help and those who do not is 3.32% net of fees. This means a 45-year-old participant could see a 79% boost in wealth at age 65 simply by contacting an advisor. That's a pretty big difference.

Getting help can be the key to better results across the 401(k) board. A Charles Schwab study found several positive outcomes common to those using independent professional advice. They include:

- **Improved savings rates** – 70% of participants who used 401(k) advice increased their contributions.
- **Increased diversification** – Participants who managed their own portfolios invested in an average of just under four asset classes, while participants in advice-based portfolios invested in a minimum of eight asset classes.
- **Increased likelihood of staying the course** – Getting advice increased the chances of participants staying true to their investment objectives, making them less reactive during volatile market conditions and more likely to remain in their original 401(k) investments during a downturn. Don't try to do it alone.

Get help with your 401(k) investments. Your nest egg will thank you.

The benefits of getting help with your 401(k) investments >



**= 79% more wealth**  
Source: 26



# COP 401(k) Plan

## In-Service Withdrawals

**General Rules:** You may withdraw amounts from your account while still employed by an employer under the circumstances described. Certain withdrawals are subject to regular federal income tax and if you are under age 59 ½ you may also be subject to an additional 10% penalty tax. You can determine whether you are eligible for a withdrawal, and request one, via internet access or by calling Fidelity.

## Rolling Over Your 401(k)

As long as the participant is younger than age 72, an in-service distribution can be rolled over to an IRA. A direct rollover would avoid the 10% early withdrawal penalty as well as the mandatory 20% tax withholding. Refer to your SPD for more information & possible restrictions on rollovers/withdrawals.

Because a withdrawal permanently reduces your retirement savings and is subject to tax, you should always consider taking a loan from the plan instead of a withdrawal to meet your financial needs. Unlike withdrawals, loans must be repaid, and are not taxable (unless you fail to repay them). In some cases, as with hardship withdrawals, you are not allowed to make a withdrawal unless you have also taken out the maximum available plan loan.

**Note:** The Plan Administrator reserves the right to modify the rules regarding withdrawals at any time, and may further restrict or limit the availability of withdrawals for administrative or other reasons, in its sole discretion. All participants will be advised of any such restrictions, which will apply equally to all employees.

**For more information about  
401(k) savings plans,  
read our e-book**

**"A Look at 401(k) Plan Fees"**



# COP 401(k) Plan

## Borrowing from your 401(k)

**Should you borrow from your 401(k)?** Maybe you lose your job, have a serious health emergency, or face some other reason that you need a lot of cash. Banks make you jump through too many hoops for a personal loan, credit cards charge too much interest ... and suddenly, you start looking at your 401(k) account and doing some quick calculations about pushing your retirement off a few years to make up for taking some money out.

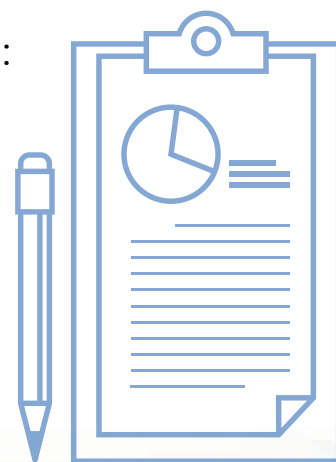
It's your money, and you need it now. But take a second to see how this could adversely affect your retirement plans.

**Remember:** Borrowing from your 401(k) may result in the following:

- **Losing growth potential on the money you borrowed**
- **Repayment and tax issues, if you leave your employer**

**To find more in-depth information  
on our Energykit,  
click here**

**"Energykit"**



## Net Unrealized Appreciation (NUA)

When a ConocoPhillips employee qualifies for a distribution they have three options:

- Roll-over your qualified plan to an IRA and continue deferring taxes
- Take a distribution and pay ordinary income tax on the full amount
- Take advantage of NUA and reap the benefits of a more favorable tax structure on gains



## How does Net Unrealized Appreciation work?

First an employee must be eligible for a distribution from their qualified plan; generally at retirement or age 59 1/2, the employee takes a "lump-sum" distribution from the plan, distributing all assets from the plan during a 1 year period. The portion of the plan that is made up of mutual funds and other investments can be rolled into an IRA for further tax deferral. The highly appreciated company stock is then transferred to a non-retirement account.

The tax benefit comes when you transfer the company stock from a tax-deferred account to a taxable account. At this time you apply NUA and you incur an ordinary income tax liability on only the cost basis of your stock. The appreciated value of the stock above its basis is not taxed at the higher ordinary income tax but at the lower long-term capital gains rate, currently 15%. This could mean a potential savings of over 30%. Let's take a look at an example.

**For more information about  
Net Unrealized Appreciation,  
read our e-book**

**"Net Unrealized Appreciation"**

## Net Unrealized Appreciation Example

Let's assume the value of COP/PSX stock within your account is \$500,000. The price you paid for the stock is \$75,000. If you roll the entire amount to an IRA you will owe nothing in taxes presently. Over time if you were in the 24% federal tax bracket you will pay \$120,000 in taxes for distributions.

If you were to take advantage of NUA you will pay ordinary income tax on the cost basis at the time of distribution. This totals \$18,000 in taxes today. The tax on the Net Unrealized Appreciation would be 15% of the gain, or \$63,750. Your total tax liability is \$81,750.

In this example NUA saved nearly \$40,000 in taxes! A few things to keep in mind:

- ConocoPhillips employees taking a distribution prior to age 59  $\frac{1}{2}$  may be subject to a 10% penalty.
- NUA makes more sense when employees have a low cost basis.
- It is important to take advantage of NUA prior to a rollover. Once you roll retirement assets to an IRA it is too late to take advantage of the potential savings. To qualify, you must be eligible for a lump-sum distribution of your entire qualified account.
- Stock shares must transfer in-kind to a taxable account. This means that the shares must not sell but must move from your qualified account into your new taxable account.

Net Unrealized Appreciation can be used in certain circumstances to save a substantial amount in taxes. Make sure that you consult with your tax and financial professionals to ensure that this is a good fit.



## IRA Withdrawal

**What is the most efficient way to take my retirement income?** Your retirement assets may consist of several retirement accounts – IRAs, 401(k)s, taxable accounts, and others. You may want to consider meeting your income needs in retirement by first drawing down taxable accounts rather than tax-deferred accounts. This may help your retirement assets last longer as they continue to potentially grow tax deferred. You will also need to plan to take the required minimum distributions (RMDs) from any employer-sponsored retirement plans and traditional or Rollover IRA accounts. That's because the IRS requires that you begin taking distributions from these types of accounts when you reach age 72 as for 2020. If you do not, the IRS may assess a 50% penalty on the amount you should have taken.

**Note:** New legislation allows individuals who did not turn 70 1/2 by the end of 2019 to take RMDs on April 1 of the year in which you turn age 72.

## Two flexible distribution options for your IRA

When you need to draw on your IRA for income or take your RMDs, you will find two flexible options. Please note that distributions from your IRA are subject to income taxes and may be subject to penalties and other conditions if your are under 59 1/2.

- Partial withdrawals: Withdraw any amount from your IRA at any time. If you are age 72 or over, you will have to take at least enough from one or more IRAs to meet your annual RMD.
- Systematic withdrawal plans: Structure regular, automatic withdrawals from your IRA; choose the amount and frequency to meet your retirement income needs. If you are under age 59 1/2, you may be subject to a 10% early withdrawal penalty unless your withdrawal plan meets Code Section 72(t) rules discussed[20].

**Note:** New legislation allows individuals who did not turn 70 1/2 by the end of 2019 to take RMDs on April 1 of the year in which you turn age 72.

Your tax advisor can help you understand distribution options, determine RMD requirements, calculate RMDs, and set up a systematic withdrawal plan. Neither FSC nor its representatives provide tax or legal advice. Please consult your attorney or tax advisor for answers to your specific questions. Remember, The Retirement Group is not affiliated with COP.

## COP Benefits Annual Enrollment

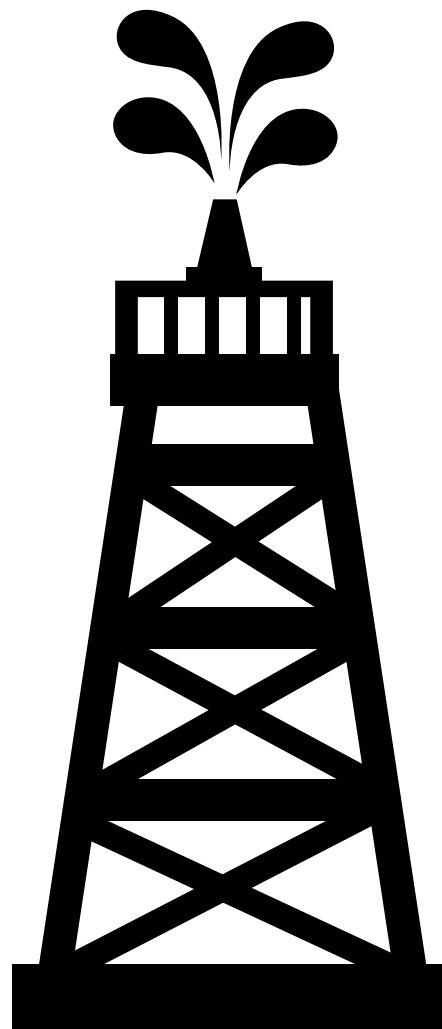
As stated in your COP SPD (4), Annual enrollment for your COP benefits usually occurs each fall (Ex. Oct. 24 - Nov. 15, 2019.). Before it begins, you will be mailed enrollment materials and an upfront confirmation statement reflecting your benefit coverage to the address on file. You'll find enrollment instructions and information about your benefit options and contribution amounts. You will have the option to keep the benefit coverage shown on your upfront confirmation statement or select benefits that better support your needs. You can choose to enroll in eBenefits and receive this information via email instead.

### Next Step:

- Watch for your annual enrollment information in the September/November time frame.
- Review your benefits information and utilize the tools and resources available on the COP Benefits Center website.

### Things to keep in mind :

- 47% of Americans cite health care as their greatest economic concern.(27)
- Medical bills are the No. 1 cause of bankruptcy in the United States. (28)
- For older Americans, healthcare costs represent the second-largest expense, behind housing.(29)





## **BASIC LIFE**

ConocoPhillips pays for basic life insurance coverage, insured by The Hartford, equal to one times your annual pay up to \$3 million (rounded up to the nearest \$100). Basic life insurance pays a benefit to your designated beneficiary(ies) if you pass away. You are automatically enrolled in this coverage. For more information, please refer to your Employee Benefits Handbook.

## **OCCUPATIONAL ACCIDENTAL DEATH (OAD)**

OAD pays a benefit of \$500,000 to your designated beneficiary(ies) if you die as a result of a covered occupational accident while on the job. This is a company-paid benefit, and you are automatically enrolled in this coverage. For more information, please refer to your Employee Benefits Handbook.

## **SUPPLEMENTAL LIFE INSURANCE**

In addition to the company-paid basic life insurance coverage, you can purchase supplemental life insurance; insured by The Hartford. You can elect supplemental life insurance in an amount equal to one to eight times your annual pay.

This coverage can be elected or increased anytime during the year. However, you will be required to complete evidence of insurability (EOI) for any increase in coverage, including an increase requested during the Annual Benefits Enrollment period. For more information, please refer to your Employee Benefits Handbook.

You pay the entire cost of your supplemental and dependent life coverage with after-tax dollars deducted from your pay each month. The cost of supplemental life coverage is based on your age and coverage amount. The cost of supplemental and dependent life coverage may change from year to year. When you enroll, you will receive information about how to access the current costs.

## **Dependent Life Insurance**

You can purchase dependent life insurance for your spouse and eligible dependent children. Dependent life insurance, insured by The Hartford, pays a benefit to you upon the death of your spouse or child(ren). Once enrolled, all of your eligible dependents are automatically covered.

You have two dependent life insurance coverage options:

- High option — \$75,000 for your spouse and \$25,000 for each child
- Low option — \$40,000 for your spouse and \$15,000 for each child

## **Accidental Death and Dismemberment**

Accidental death and dismemberment (AD&D) benefits offered under the ConocoPhillips Life Insurance Plan (the Plan) provide your family with valuable financial protection in the event of your death, dismemberment, or other covered loss due to a covered accident. You can elect this coverage at any time during the year.

### **COVERAGE OPTIONS FOR YOU AND YOUR SPOUSE**

You can elect from \$20,000 to \$1 million (in increments of \$10,000) for yourself, but it cannot exceed 12 times your annual pay. You can elect \$20,000 to \$500,000 for your spouse.

### **COVERAGE OPTIONS FOR ELIGIBLE DEPENDENT CHILDREN**

You can elect \$10,000 to \$50,000 in coverage for your eligible dependent child(ren). You pay one amount for the policy which covers all of your eligible dependent children.

## **Group Variable Universal Life**

Group Variable Universal Life (GVUL) insurance coverage provides your family with valuable financial protection in the event of your death. GVUL includes an optional cash accumulation feature, which may generate earnings for you on a tax-deferred basis. Eligibility to participate in GVUL begins in salary grade 19 and if you choose to enroll, will replace supplemental life insurance coverage.

## What Happens If Your Employment Ends

Your life insurance coverage and any optional coverage you purchase for your spouse/domestic partner and/or children ends on the date your employment ends, unless your employment ends due to disability. If you die within 31 days of your termination date, benefits are paid to your beneficiary for your basic life insurance, as well as any additional life insurance coverage you elected.

### Note:

- You may have the option to convert your life insurance to an individual policy or elect portability on any optional coverage.
- If you stop paying supplementary contributions, your coverage will end.
- If you are at least 65 and you pay for supplemental life insurance, you should receive information in the mail from the insurance company that explains your options.
- Make sure to update your beneficiaries. See the SPD(4) for more details.



**If you aren't sure about finances after a job loss, read our e-book**

**"How to Survive Financially after a Job Loss"**

## COP Beneficiary Designations

As part of your retirement and estate planning, it's important to name someone to receive the proceeds of your benefits programs in the event of your death. That's how COP will know whom to send your final compensation and benefits. This can include life insurance payouts and any pension or savings balances you may have.

### Next Step:

When you retire, make sure that you update your beneficiaries. COP has an Online Beneficiary Designation form for life events such as death, marriage, divorce, child birth, adoptions, etc.

# Social Security

Identifying optimal ways to claim Social Security is essential to your retirement income planning. For many retirees, understanding and claiming Social Security can be difficult. Social Security benefits are not designed to be the sole source of your retirement income, but rather a part of your overall withdrawal strategy. Knowing the foundation of Social Security and using this knowledge to your advantage can help you claim your maximum benefit.

It is your responsibility to enroll in Medicare parts A and B when you first become eligible — and you must stay enrolled to have coverage for Medicare-eligible expenses. This applies to your Medicare eligible dependents as well.

You should know how your retiree medical plan choices or Medicare eligibility impact your plan options. Before you retire, click on our e-book "[Social Security](#)" (11) for more information, contact the U.S. Social Security Administration directly at (800) 772-1213, call your local Social Security Office or visit [ssa.gov](http://ssa.gov). They can help determine your eligibility, get you and/or your eligible dependents enrolled in Medicare or provide you with other government program information.

Year of Birth	Full Retirement Age
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960+	67

**For more information on social security, read our e-book**

**"Social Security"**



## Next Step:

Check the status of your Social Security benefits before you retire. Contact the U.S. Social Security Administration by calling 800-772-1213. You can also call your local Social Security office or visit [ssa.gov](http://ssa.gov). Also review The Retirement Group e-book on [Social Security](#).(11)

# Social Security: Medicare

If you or your dependents are currently or will become eligible for Medicare after you leave COP, Medicare generally becomes the primary coverage for you or any of your dependents as soon as the individual becomes eligible for Medicare. This will affect your company-provided medical benefits. You and your Medicare-eligible dependents must enroll in Medicare Parts A and B when you first become eligible. Medical and MH/SA benefits payable under the company-sponsored plan will be reduced by the amounts Medicare Parts A and B would have paid whether you actually enroll in them or not. For details on coordination of benefits, refer to your summary plan description (SPD)(4).

If you or your eligible dependent do not enroll in Medicare Parts A and B, your provider can bill you for the amounts that are not paid by Medicare or your COP medical plan, making your out-of-pocket expenses significantly higher.

According to the Employee Benefit Research Institute (EBRI), Medicare will only cover about 60% of an individual's medical expenses. This means a 65-year-old couple, with average prescription-drug expenses for their age, will need \$259,000 in savings to have a 90% chance of covering their healthcare expenses. A single male will need \$124,000 and a single female, thanks to her longer life expectancy, will need \$140,000.

Projected annual Medicare costs for an individual: Part B and Part D premiums<sup>13</sup> >

Year	Age	Part B	Part D	Annual B+D
2020	65	\$1,725	\$871	\$2,596
2030	75	\$3,238	\$1,636	\$4,874
2040	85	\$6,078	\$3,070	\$9,148

**Next Step:** 

Get Medicare prescription drug information by visiting [medicare.gov](https://www.medicare.gov).

Check your SPD Summary(4) to see if you're eligible to enroll in Medicare Parts A and B (4). If you become Medicare eligible for reasons other than age, you must contact the COP Benefits Center about your status.

How we can help:	Time to Retirement		
	Several Years	2 Years or Less	In Retirement
Familiarize you with individual healthcare plans	✓	✓	✓
Estimate your healthcare costs in retirement	✓	✓	✓
Design an overall retirement plan for you	✓	✓	✓
Incorporate healthcare costs into your plan	✓	✓	✓
Manage your plan to help you achieve your goals	✓	✓	✓
Explain the basics of Medicare		✓	✓
Familiarize you with the Medicare enrollment process			✓
Help you avoid coverage delays and possible penalties			✓



# Divorced or Divorcing?

## COP and Divorce

Are you divorced or in the process of divorcing? Your former spouse(s) may have an interest in a portion of your COP retirement benefits.

“Happily ever after” and “until death do us part” won’t happen for 28% of couples over the age of 50.<sup>3</sup> Most couples saved together for decades, assuming they would retire together. After a divorce, they face the expenses of a pre- or post-retirement life, but with half their savings.<sup>(33)</sup>

## What's required?

Before you can start your pension—and for each former spouse who may have an interest—you’ll need to provide COP with the following documentation:

- A copy of the court-filed Judgment of Dissolution or Judgment of Divorce along with any Marital Settlement Agreement (MSA)
- A copy of the court-filed Qualified Domestic Relations Order (QDRO)

You’ll need to submit this documentation to the COP online Pension Center regardless of how old the divorce or how short the marriage.

**IMPORTANT:** If you don’t provide COP with the required documentation, your pension benefit could be delayed or suspended.

**For more information on strategies for divorce individuals, read our e-book**

**"Strategies for Divorced Individuals"**

# Divorced or Divorcing?

## Social Security and Divorce

You can apply for a divorced spouse's benefit if the following criteria are met:

- You are at least 62 years of age
- You were married for at least 10 years prior to the divorce
- You are currently unmarried
- Your ex-spouse is entitled to Social Security benefits
- Your own Social Security benefit amount is less than your spousal benefit amount, which is equal to one-half of what your ex's full benefit amount would be if claimed at Full Retirement Age (FRA)

Unlike with a married couple, your ex-spouse doesn't have to have filed for Social Security before you can apply for your divorced spouse's benefit, but this only applies if you've been divorced for at least two years and your ex is at least 62 years of age. If the divorce was less than two years ago, your ex must already be receiving benefits before you can file as a divorced spouse.

Divorce doesn't even disqualify you from survivor benefits. You can claim a divorced spouse's survivor benefit if the following are true:

- Your ex-spouse is deceased
- You are at least 60 years of age
- You were married for at least 10 years prior to the divorce
- You are single (or you remarried after age 60)



## In the process of divorcing?

If your divorce isn't final before your retirement date, you're still considered married. You have two options:

- Retire before your divorce is final and elect a joint pension of at least 50% with your spouse—or get your spouse's signed, notarized consent to a different election or lump sum.
- Delay your retirement until after your divorce is final and you can provide the required divorce documentation.

# Survivor Checklist

## What your survivor needs to do

- Report your death. Your spouse, a family member or even a friend should call the COP Benefits Service Center as soon as possible to report your death.
- Collect life insurance benefits. Your spouse or other named beneficiary will need to call the COP Benefits Service Center to collect life insurance benefits.

## If you have a joint pension

- Start the joint pension payments. The joint pension is not automatic. Your joint pensioner will need to complete and return the paperwork from the COP Pension Call Center to start receiving joint pension payments.
- Be prepared financially to cover living expenses. Your spouse will need to be prepared with enough savings to bridge at least one month between the end of your pension payments and the beginning of his or her own pension payments.

## If your survivor has medical coverage through COP

- Decide whether to keep medical coverage.
- If your survivor is enrolled as a dependent in COP-sponsored retiree medical coverage when you die, he or she needs to decide whether to keep it. Survivors have to pay the full monthly premium.



**Attend a Retirement Group Webinar  
on your COP Pension Plan. Click  
here to reserve your spot!**

**Webinar RSVP**

# Life after COP -- Why would I work?

## FINANCIALLY: BENEFITS OF WORKING

### Make up for Decreased Value of Savings or Investments.

Low interest rates have made it great for lump-sums but harder to generate portfolio income. Some people continue to work to make up for poor performance of their savings and investments.

### Maybe you took a COP offer & left earlier than you wanted or with less retirement savings than you needed.

Instead of drawing down savings, some decide to work a little longer to pay for extras you've always denied yourself in the past. See our e-book "[Early Retirement Offers](#)" (9) for more information.

### Meet Financial Requirements of day-to-day living.

Expenses can increase during retirement and working can be a logical and effective solution to this problem.

### Keep Insurance or Benefits

You may choose to continue working in order to keep your insurance or other benefits. Many employers offer free to low cost health insurance, for part-time workers.

## EMOTIONALLY: BENEFITS OF WORKING

### Staying Active and Involved

Retaining employment, even if it's just part-time, can be a great way to use the skills you've worked so hard to build over the years and keep up with friends and colleagues.

### Enjoy Yourself at Work.

Just because the government has set a retirement age with its Social Security program doesn't mean you have to schedule your own life in such a manner. Many people genuinely enjoy their employment and continue working because their jobs enrich their lives.

### A New Job Opportunity comes along.

You might find yourself with very tempting job opportunities at a time when you thought you'd be withdrawing from the workforce.

#### A PAYCHECK PAYS OFF

Part-time work can really boost the odds of your nest egg being sufficient.



Notes: Assumes assets are 60% in stocks and 40% in bonds and withdrawals increase each year with inflation. Source: David Blanchett, Morningstar



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- (11) [\*Social Security\*](#) e-book
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- (16) [\*Financial PTSD\*](#) e-book
- (17) [\*EnergyKit\*](#)
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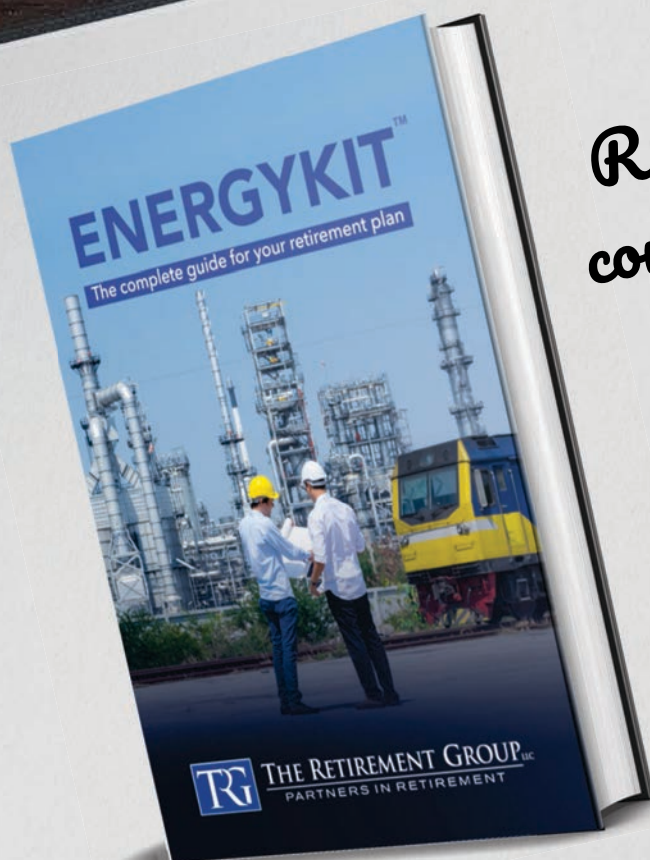
# For more resources

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