

Phase Down Retiree Benefits FAQ for members of UAW Local 2911

October 11, 2011

Pension Questions:

How do I determine if I am eligible for SER, RER, or normal retirement?

To determine if you qualify for any of these retirement options, call your UAW benefits rep, Gayle Goodrich at 428-3681, to review the ERIC pension eligibility spreadsheet.

If I am not eligible for SER, RER, or Normal Retirement at time of layoff, how can I “grow” into these benefits?

You can grow into benefits by accumulating the necessary credited service while on layoff or by remaining on the layoff/recall list until you are eligible by age. To determine if you may grow into any of these retirement options, call your UAW benefits rep, Gayle Goodrich at 428-3681, to review the ERIC pension eligibility spreadsheet.

What would happen if, prior to retirement, I were to be recalled to Navistar and did not return to work?

Under the contract, you would have to return to work within 5 days or be terminated, which would forfeit your right to grow-in to SER, RER or Normal Retirement. If you sign a Layoff in Lieu of Transfer form, you can waive your right to be recalled and retain all your benefits under the Phase Down agreement, including grow-in to SER, RER or Normal Retirement.

Which Elections can I select on the Phase Down election form if I am only eligible for Normal Retirement?

Regular Early Retirement (RER) or layoff. The RER option allows you to accept SUB in lump sum.

If I choose Election #3 (Special Buyout) am I still eligible for deferred vested benefit or Normal Retirement (if otherwise eligible)?

You would only be eligible for a deferred vested benefit because under Election #3 you resign and break service with the company.

If I choose Election #3 (Special Buyout) am I still eligible for retirement healthcare benefits (if otherwise eligible)?

No, because under Election #3 you resign and break service with the company which would make you ineligible for retirement healthcare benefits.

What happens to my SER benefits if after layoff, I apply for and accept a *direct* non-represented position with Navistar in Lisle or any other location?

If you have not yet retired, you would no longer be eligible for SER and would be eligible for whatever retirement package is offered to you for the new position. If you retire under SER then you would not be eligible for a direct position with Navistar.

What happens to my SER benefits if after layoff, I apply for and accept a *contract* position with Navistar in Lisle or any other location?

You would retain your SER benefits because, as a contract employee, you would not be employed by Navistar. This applies if you have or have not retired.

How do I find out how much my pension payments will be?

Call ERIC and identify yourself as member of UAW 2911 from Fort Wayne under the Phase Down Agreement and request a pension estimate. Provide your layoff date and planned retirement date.

When am I required to start my pension, if I am or will become SER, RER, or Normal Retirement eligible?

If you are or become eligible for SER within 12 months of layoff, you must initiate your pension within six months of the last day worked or, if later, upon the first of the month following the date such age and service requirements are met. For RER and Normal Retirement, there is no requirement to start your pension by a certain date. To maintain eligibility for the supplemental pension benefit (Supplemental Allowance) under RER, you must start your pension within two years of your last date worked.

For each of these retirement plans, is there a limit how long I can remain on layoff before I start my pension?

See above. You must retire while on layoff or as an active employee to retain your full retirement benefits. If you break service with the company because you are no longer on layoff, you would only be eligible for the deferred pension benefit. Employees not on probation will retain layoff status for a minimum of 3 years to a maximum of the number of years of union seniority, from the last day worked.

How do I request my pension to start?

Call ERIC at 1-877-353-5100 and request to initiate your pension. ERIC prefers 90 days advance notice. With 90 days notice, ERIC can send all the retirement information to you to allow you plenty of time to review and fill out the paperwork. Also, you can receive the pension payment on time; otherwise it may be delayed and added to the next month's pension payment.

How soon after layoff can I start my pension if I am eligible for SER upon layoff?

As soon as ERIC can administer your request to retire. If you initiate your pension immediately following layoff, the pension payment is not due until the 1st of the month following layoff. Again, it is best if you can notify ERIC 90 days prior to your pension start date. *Keep in mind, if you are laid off on December 2nd, you may want to defer your retirement date to December 31st to ensure that you receive holiday pay. Whether you retire on December 3rd or 31st, the pension payment is the same amount and will begin on the same date, January 1, 2012.*

How do I find out if I am eligible for retirement health insurance and how much the monthly premium will be?

Call ERIC and identify yourself as member of UAW 2911 in Fort Wayne under the Phase Down Agreement. The service advisor should be able to provide eligibility and healthcare premiums per the 2011 plan year.

How do I find out more about the benefits of the retiree health insurance plan? What are the deductibles, max out of pocket, prescription drug co-pays, vision coverage, dental coverage, etc. for the retiree insurance plan?

Call ERIC and request a healthcare cost sharing document for your retirement health plan.

When I retire, can I enroll or waive coverage based on my insurance eligibility with another employer or my spouse's employer?

Yes, you can waive coverage and enroll later when you or your spouse's insurance coverage is lost. You must enroll within 60 days of loss of coverage to avoid penalty and you must provide documentation concerning the loss of coverage.

Can I cover my children under my retirement healthcare plan?

Yes, if they are qualified dependents under the plan. The requirements are different from the active employee plan.

What happens to my retiree health insurance benefits if, after layoff, I apply for and accept a *direct non-represented position with Navistar in Lisle or any other location?*

If you accept a position prior to retiring, your benefit as a UAW member would no longer apply. You would receive benefits offered through the new position based on your situation as a non-represented employee. You should carefully review this so that you do not unknowingly lose retirement healthcare benefits, if you are already eligible as a represented employee. Navistar retirees are not allowed to accept a direct position at this time.

What happens to my retiree health insurance benefits if, after layoff, I apply for and accept a *contract position with Navistar in Lisle or any other location?*

You would retain your retiree health insurance benefit. You retain the benefit if you have or have not yet retired.

Who do I call if I have problems with my pension benefits? From local HR and union:

Mike Coil, UAW Bargaining Committee 260-224-0018 mike.coil@navistar.com

Gayle Goodrich, UAW Benefits Rep 260-428-3681 gayle.goodrich@navistar.com

Dan Alter, UAW Closed Operations Retirement Liaison 260-918-4094 d.alter@mchsi.com

Pete Demitsas, HR 260-461-1165 pete.demitsas@navistar.com

Who do I call if I have problems with my retirement healthcare benefits? From local HR and union:

See Above

401(k) Questions:

How do I determine how much of the company 401(k) contributions in my account are vested?

<2 Years of service: 0%

2 Years of service: 20%

3 Years of service: 40%

4 Years of service: 60%

5 Years of service: 80%

6 Years of service: 100%

Can I rollover my 401(k) into another retirement account or otherwise request a distribution (for members under 65)?

If you are on layoff, you cannot rollover your 401(k) into another account or otherwise request a distribution until you have been laid off for one year, at which point you are considered a terminated employee for 401(k) purposes. If you elect option 3, buyout and resignation, you can request a rollover or distribution as soon as your employment is terminated, and your new status is provided to JPMorgan (this generally occurs 1 week after the status change).

How long do I have to either direct a rollover of my 401(k) into another account, or take a complete distribution (for members under 65 who terminate employment)?

If you have a balance of more than \$5,000 if you wish, you can leave your money in the Plan until you attain age 65, at which time you must either rollover the account or take a complete distribution.

If your balance is \$5,000 or less, you will be notified by JPMorgan that you must either rollover your account to an IRA or a new employer's plan, or take a distribution. If you do not remove your account, JPMorgan will transfer the value of your account to an IRA selected by the Company.

What happens if I do not direct a rollover of my 401(k) into an IRA (for members under 65 who terminate employment)?

If you have a balance of more than \$5,000, you can retain the balance in the 401(k) account until age 65. If you have a balance of \$5,000 or less J.P. Morgan can direct a rollover of your balance into an IRA designated by the plan administrator.

What are the implications of leaving my money in the Navistar 401(k)?

If you are considered terminated for 401(k) purposes, you can continue to manage investments. No additional fees, beyond what is typically paid by employees, would apply. However, you cannot make 401(k) contributions and you cannot take loans on the balance of the account. You also cannot take a hardship withdrawal.

If you are on layoff for less than one year, you can continue to manage investments. No additional fees, beyond what is typically paid by employees, would apply. You cannot make 401(k) contributions. You can take loans on the balance of the account. You would be responsible for making loan payments while on layoff and can request a loan coupon book from JP Morgan. You will be eligible for a hardship

withdrawal provided the hardship is for one of the permissible reasons outlined in the 401(k) Summary Plan Description. The reasons can also be obtained by calling JPMorgan at 1-800-345-2345 or accessing their website: "www.retireonline.com".

What happens if I have a loan from my 401(k) when I am laid off or terminate employment?

If you are on layoff, you can continue to make payments directly to JPMorgan by calling them at 1-800-345-2345 and requesting a loan coupon book, or you can defer loan payments for up to one year while on layoff, but not beyond the original duration of the loan. Loans are considered to be immediately due and payable upon the earlier of your having been on layoff for a one-year period or the loan otherwise being due.

If you terminate your employment with Navistar, you must repay the loan within 30 days of your termination or the loan will be defaulted.

What happens if I do not repay my 401(k) loan after I have been on layoff for a year?

Because you will be considered to be terminated after you have been on layoff for one year, the loan will be defaulted. This means that the outstanding amount of the loan will be taxable to you in the year of default, and may also be subject to an additional 10% tax penalty.

How do I take a hardship withdrawal from my 401(k)?

While still employed, a hardship withdrawal is allowed only for serious, immediate, and heavy financial needs where adequate funds are not available from other resources. Contact J.P. Morgan at 1-800-345-2345 for more information and a complete listing of situations that could apply for hardship consideration. This option is not available once you are considered terminated (meaning either being on layoff for over one year, or otherwise being considered retired/terminated).

Who do I call if I have problems with or questions about my 401(k)?

J.P. Morgan 1-800-345-2345 www.retireonline.com