

2019 PPA - Questions and Answers

- **What's changing from 2018?**

Based on the projected 2019 factors, the impact on lump sums is expected to be a 5% reduction across all retirement ages (55 – 70) for 2019. The main factors impacting PPA methodology are higher interest rates and a change in the IRS' mortality tables.

Interest rates on which the PPA factors are based for 2019 are significantly higher when compared to 2018's fixed numbers. Higher rates decrease the amount of money needed to be set aside today to fund the pension annuity benefit over one's lifetime.

Likewise, changes in the mortality tables on which the PPA factors are based for 2019 had a slightly negative impact on the formation of the new lump sum factors. This slightly negative impact also decreased the amount of money needed to be set aside today to fund the pension annuity benefit over one's lifetime.

The amount of money set aside today to fund an individual's pension annuity over time is the lump sum form of benefit.

- **What is the latest date I can retire in 2018 and still have my lump sum processed in 2018?**

An employee must have his or her pension paperwork completed and returned to the corporate retirement group in Wickliffe by November 15, 2018 for his or her lump sum to be processed and paid out in the 2018 calendar year. You may retire as late as November 30, 2018.

- **Will individuals retiring by November 30, 2018 and taking a lump sum distribution receive 2019 vacation accrual payout?**

No. You must be on the payroll as of December 31, to be eligible for 2019 vacation accrual payout.

- **Will individuals retiring by November 30, 2018 and taking a lump sum distribution in 2018 receive 2018 bonus payouts?**

No. You must be on the payroll as of December 31, to be eligible for 2018 bonus payout.

- **Can you describe how lump sums are calculated in the Lubrizol Pension Plan?**

A lump sum factor based on the participant's age is multiplied by the participant's monthly annuity (10-year certain and life) amount. The result is the lump sum amount (commuted benefit) which is deemed to be the equivalent of the 10-year certain and life benefit. The lump sum factors are created using the prescribed interest rates, mortality tables, and other items.

- **If you retire and elect a lump sum form of benefit at age 55 as opposed to 65 is your calculation made with an additional 10 years of life expectancy?**

Yes. Because you are 10 years younger at age 55, the age difference is factored into your pension calculation. Your monthly benefit is less, since it is expected to be paid to you for a longer period of time.