

# Plan News: Auto-Escalation

## The Lubrizol Corporation Employees' Profit Sharing and Savings Plan

May 2020

### Increase your contributions — automatically

Lubrizol offers The Lubrizol Corporation Employees' Profit Sharing and Savings Plan (the "Savings Plan") to help employees build retirement savings. The Savings Plan not only allows you to save and grow your savings on a tax-deferred basis, but for each dollar that you contribute to the Savings Plan, Lubrizol adds a dollar, up to 6% of your eligible pay. Those are great reasons to consider boosting your contribution rate today – so you can retire well.

### Next auto-escalation — July 1, 2020

To make it easier for every employee to get the benefits of contributing at least 10% of their eligible pay to the Savings Plan, and help you meet your retirement goals, the Savings Plan has an automatic contribution escalation feature. Think of auto-escalation as built-in discipline to help you save a little more every year.

Auto-escalation is applied each July 1, and only to employees who became participants in the Savings Plan on or before January 1 of the current year.

#### Here's how auto-escalation works:

- If your current Savings Plan contribution rate is between 0% and 9% of pay (whether those contributions are pre-tax, Roth, after-tax, or any combination) on July 1, your pre-tax contribution rate will automatically increase to the next higher full percent starting the first full pay period after July 1.
- Every July 1 after that, your pre-tax contribution rate will be automatically increased one percentage point. Once you are contributing 10%, auto-escalation will stop.

Keep in mind that, depending on the timing of July payroll dates year-to-year, your new auto-escalated payroll deduction may not take effect until **after** the first payroll date in July, which occurs on July 10, 2020.

**Example:** Let's say that you are contributing 4% of your eligible pay on a pre-tax basis on June 30, 2020. Your pre-tax contribution will be increased to 5% of pay, effective with the first available full pay period in July (for 2020, this will likely take effect the pay date of July 24, 2020). Then on July 1, 2021, your pre-tax contribution will be increased to 6%. On July 1, 2022, your pre-tax contribution will be increased to 7%, on July 1, 2022, your pre-tax contribution rate will be increased to 8%, and so on, until it reaches 10%. As long as your contribution remains at or above 10% on July 1, no automatic escalation will occur for that year. If your contribution rate is less than 10% on July 1 of any given year, it will be automatically increased one percentage point unless you actively increase your savings rate to 10% or opt out of auto-escalation.

Please note, anyone contributing the annual maximum dollar amount allowed by the IRS (\$19,500 in 2020) but saving less than 10% of pay will not be auto escalated. For auto-escalation purposes, your eligible pay means wages, salaries, fees for professional services, and other amounts received for services actually rendered in the course of employment, to the extent that the amounts are includible in gross income. Your eligible pay also includes salary reduction amounts that you contributed to an employer-sponsored cafeteria plan or 401(k) plan. Your eligible pay does not include, however, long-term incentive compensation payments if you are considered a "highly compensated employee" under applicable IRS rules, severance pay, deferred compensation, reimbursements and allowances, moving expenses, and fringe benefits. Eligible pay also will not include amounts in excess of the compensation limit imposed under Section 401(a)(17) of the Internal Revenue Code which, for 2020, is \$285,000.

[See next page](#)

Any additional contributions made to your Savings Plan account as a result of auto-escalation will be invested in the Savings Plan's core investment funds in accordance with your investment election(s) on file.

If you do not have an investment election on file, then those amounts will be invested in the Savings Plan's applicable "qualified default investment alternative," or "QDIA." The applicable QDIA is the Target Date Retirement Fund that most closely matches your expected retirement date based on age 65 as set forth below. **See table to the right.**

You can change your investment elections at any time.

- **Online:** log on to your account at [lzs401k.voya.com](https://lzs401k.voya.com) and select **Account > Contributions > Change Contributions.**
- **Phone:** call the Information Line at **1-866-597-4015** and speak with a Customer Service Associate.

The change will take effect on the next available pay date.

Your date of birth	State Street Target Date Retirement Fund
Before 1953	Income Fund
1953 - 1957	2020 Fund
1958 - 1962	2025 Fund
1963 - 1967	2030 Fund
1968 - 1972	2035 Fund
1973 - 1977	2040 Fund
1978 - 1982	2045 Fund
1983 - 1987	2050 Fund
1988 - 1992	2055 Fund
1993 and After	2060 Fund

## How to opt out of auto-escalation

You have the right to opt out of your scheduled auto-escalation. You may opt out of the rate escalation scheduled for July 1, 2020 any time beginning Saturday, May 30, 2020 until 4:00 p.m. ET on Tuesday, June 30, 2020.

To opt out online, log on to your account at [lzs401k.voya.com](https://lzs401k.voya.com) and select **Account > Contributions > Rate Escalator**, then select **"Discontinue your Rate Escalator on file."** Or you can call the Information Line at **1-866-597-4015** and speak with a Customer Service Associate.

**Your opt-out election affects only the 12-month period for which the election is made.** If you do not want to be auto escalated on the following July 1, you will need to go into your account again next year on or before July 1 and discontinue the scheduled rate escalator.

Remember, you can adjust your contribution percentage any time during the year.

## QUESTIONS?

If you have questions about auto-escalation, call the Information Line at **1-866-LZs-401k (1-866-597-4015).**

Customer Service Associates are available Monday through Friday, from 8:00 a.m. to 8:00 p.m. ET, except on New York Stock Exchange holidays.

Disclaimer: If there are any conflicts between the information provided in this document and legal plan document, the legal plan documents will govern. Participation in the benefits program and eligibility for the benefits described in this Plan News are determined under the legal plan documents, as they may be amended from time to time and applicable law.