



**Krosnowski & Scott LLC**  
Investment & Retirement Planning Specialists

**K&S EXXONMOBIL Employee Retirement Process**

**A. Initiate Your Retirement**- It is suggested to contact the ExxonMobil human resources (HR) department (at 1-800-682-2847) seventy five to one hundred twenty days prior to your retirement date. You will be required to provide the HR department with your last day on the payroll and your benefit commencement date (BCD). The human resources department will mail a benefit commencement package (BCP) to you and you will be assigned a case administrator. The administrator will assist you in filling out your retirement paper work and be available to answer questions that you may have regarding the retirement process.

**B. Pension** – Prior to when you decide to retire, you will need to provide ExxonMobil’s human resources department with your pension elections by filling out the pension authorization forms that are contained in your BCP. You will be required by written signature to select between the pension annuity options, lump sum or a combination (heritage Mobil employees have the option of receiving their Mobil accrued pension benefit as an annuity, lump sum or 50% of each). The ability to select part pension annuity and part lump sum is not available for pension benefits accrued by heritage Exxon employees. If you choose a pension option other than 50% Joint & Survivor annuity, you will need to have your spouse sign a spousal consent form. If you wish to select a non-spouse beneficiary for your pension annuity, you will need to sign a form and provide the name of the beneficiary on the form. An individual can request a BCD if they are pension eligible. To be eligible to receive your pension as a lump sum you must be 55 years of age or older and have at least 15 years of service. As a retiree, you can receive the pension benefit as an annuity consisting of monthly payments or as a lump sum. If your benefit starts in the month you reach age 60 or older, you receive 100% of your basic pension benefit. If you are a retiree and begin your benefit before age 60, it will be adjusted according to a schedule. As an example at age 55, you receive 75%.

1. **Pension Annuity** – Depending upon which form of annuity you choose, this pension option (single life, joint and survivor, etc.) will provide you with a fixed annual amount of income for life or joint lives. The single life annuity option provides the retiree with the maximum amount of income. However, once the retiree is deceased income benefits to the family are terminated. The joint and survivor annuity option provides the retiree with a reduced amount of income for life and for the life of their surviving spouse.

2. **Pension Lump Sum (PLS)** – If you choose to receive your pension as a lump sum, you will need to notify the H.R. department of this and provide them with the name of your IRA Custodian. Although not mandatory, it is highly recommended to instruct the H.R. department to directly rollover your pension balance to an IRA. This will enable you to transition your pension balance into your IRA without tax consequence. If you elect this pension option, it is highly recommended to be aware of the current quarterly pension interest rate as well the next quarterly rate. This may enable you to ensure that you are able to maximize your pension balance near the time that you plan to retire (i.e.: if you were planning to retire during the 1<sup>st</sup> quarter, but the pension interest rate for the second quarter is more favorable, you may wish to defer your BCD to the second quarter). If you elect to receive the PLS on the first day of the first month after your separation date, you will receive the pension interest rate that is in effect as of your separation date. If a retiree chooses to defer their BCD, they will receive the pension interest rate that is in effect as of the BCD that they choose. The more lead time that you provide the ExxonMobil benefits department, the greater the chance your pension funds will be distributed to you by the first day of the month that they are requested. Generally speaking, if your pension forms are properly filled out

and received by the benefits department by the 15<sup>th</sup> to the 20<sup>th</sup> day of the month, the sooner the better, your pension check will be mailed to you at your home address on the first day of the month following your BCD. If the benefits department does not have enough processing time, then your check will be distributed to you on the first day of the following month. PLS checks are always dated on the first of the month.

**For example:** If your last day on the payroll is October 15, 2010, then your separation date is October 16, 2010. The soonest BCD that you can choose is November 1, 2010. If you choose this date as your BCD, you will lock in the fourth quarter pension interest rate. However, if you determined that the first quarter pension interest rate was lower than the fourth quarter pension interest rate, you might defer your BCD to January 1, 2011. This would enable you to receive the first quarter pension interest rate. Normally, the lower your pension interest rate the greater your PLS balance.

### **3. Key Terms Used in the ExxonMobil Pension Formula**

- **Pensionable Service:** Generally, all your service while participating in this Plan.
- **Final Average Normal Pay:** The highest average of 36 consecutive months of your normal pay during the last 10 years of your employment.
- **Basic Pension Benefit:** 1.6% X years of pensionable service X final average normal pay minus your Social Security offset.
- **Social Security Offset:** The part of your estimated Social Security benefit that is used as an offset in the pension formula. The offset is equal to 1.5% of your estimated Social Security benefit for each year of pensionable service, up to 33 1/3 years, which is a maximum of 50%. This offset reflects the fact that while you work for ExxonMobil, the company pays half of your Social Security tax and Social Security benefits make up part of your retirement income.

The stream of monthly annuity payments is converted to a lump sum using:

- A plan-specific mortality table developed by the Plan's actuaries to calculate the probability of your being alive to receive payments.
- An interest rate. Once the retiree's pension is calculated, an interest rate is used to convert the total future payments to a figure representing that total in present-day dollars.

The current interest rate for those retiring in the fourth quarter of 2010 is 4.50%. The interest rate for those retiring during the first quarter 2011 will be 3.75%. On the last day of the current quarter, the pension interest rate two quarters into the future is announced (for example: the fourth quarter pension interest rate is announced on June 30, the first quarter rate is announced on September 30).

The interest rate is based upon 95% of the three month average T-bond rate for the previous quarter. The t-bond rate can be found on the [www.irs.gov](http://www.irs.gov) website and Monthly 30 year Treasury bond rates.

**C. ExxonMobil 401(k)/Savings Plan** – To distribute assets from the Savings Plan, no paperwork is involved. You will need to contact a representative at ING (1-877-966-4015). There are three categories of assets that you can distribute from the Savings. They are as follows:

1. **Pre-tax ExxonMobil Stock Shares** – These assets can be rolled over to an IRA in the form of cash or shares. a. If you elect to receive cash, ING will liquidate your stock shares. A check will be made payable to your IRA Custodian for the benefit of you and mailed to your home address. You will then forward the check to your investment firm. Alternatively, you can have the rollover check mailed directly to your financial institution. b. If you elect to receive stock shares, the shares will be transferred from the Savings Plan to Computershare. Computershare will mail you a notification letter after around two weeks of receiving your stock shares from the Savings Plan. The letter will provide you with your Computershare account number. If

you sign an IRA transfer form from your IRA custodian and provide your investment firm with your Computershare account information, your ExxonMobil shares can be transferred into your IRA.

2. **Savings Plan Unit Funds** – Common Assets, Equity, International, Extended Market, International, Balanced and Bon Unit funds must be liquidated and distributed as cash. These assets can be rolled over into an IRA. A check made payable to your IRA custodian for the benefit of you will be mailed to your home address or to an alternative address (such as your investment firm) upon your request.

3. **ExxonMobil Net Unrealized Appreciation ( NUA) Stock Shares** – To receive company stock shares under the NUA tax guidelines, you must receive a full distribution of the Savings Plan within the same calendar year once you retire or reach another qualifying event. You will be required to notify an ING representative that you wish to receive a portion of your Savings Plan distribution in the form of NUA shares into a taxable account. If you elect to receive stock shares, the shares will be transferred from the Savings Plan to Computershare. Computershare will mail you a notification letter after around two weeks of receiving your stock shares from the Savings Plan. The letter will provide you with your Computershare account number. If you sign an IRA transfer form from your IRA custodian and provide your investment firm with your Computershare account information, your ExxonMobil shares can be transferred into your IRA.

**Summary**- For over twenty years, K&S, LLC has been assisting employees with the process of retiring from ExxonMobil. Please feel free to contact us if you would like us to assist you with any investment and retirement planning issues that you would like for us to address on your behalf or visit our website at: [KrosnowskiandScott.com](http://KrosnowskiandScott.com) to learn more about the free initial financial planning reports that we can generate for you.

Sincerely,

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