

Pension Plan

The Pension Plan helps build financial security and provides a dependable source of income throughout your retirement years, based on your earnings and length of service with the Company.

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Highlights

The Pension Plan ...

... Provides a Benefit Which Adds to Your Other Retirement Income

The income you receive from the Pension Plan adds to any Social Security benefits, savings program benefits, or other retirement income you are eligible to receive.

... Offers Financial Security to Your Family in Case of Your Death

If you choose a survivor payment option, the Pension Plan will pay a benefit to your spouse, dependent child, or dependent parent after your death.

What happens to your pension benefits when ...

For more information about what happens to your pension benefits when certain changes occur, see “How Changes Affect Your Benefits” in the “About Your Benefits” chapter.

Receiving Benefit Payments

If You are Receiving Benefit Payments

If you are now receiving monthly checks from the Pension Plan, your benefits will continue based on the payment option that you chose. You may not change this option.

If Your Benefit Has Not Started

If you retired before age 65, you may elect to start your benefit at any time, with a 30 day notice to the ORNL Benefits Office.

If you have retired, your plan benefits will begin no later than the first of the month after you reach age 70½.

Pension Benefit Amount

The amount of your pension benefit is determined when you retire based on the plan's formula (and your earnings and service) in effect at that time and the payment form you elect.

Employee Contributions

Any mandatory participant contributions will be reflected as a nontaxable portion of your monthly benefit when it is commenced. Also, the Pension Plan includes a refund feature to make sure that the cumulative benefit distributions are at least equal to the amount of your contributions plus applicable interest.

Normal Forms of Payment

You will receive your plan benefits under the plan's normal form of payment based on your marital status when you retire, unless you elect an optional form of payment.

For Married Employees

If you are married when you elect to receive your benefits, the normal form of payment is a 50% joint and survivor benefit. Under this form of payment, your pension is reduced and, after your death, 50% of that benefit is continued to your surviving spouse for the rest of his or her life. This reduction reflects the fact that benefits are payable during both of your lifetimes.

If your spouse dies before you, this form of payment will "pop up" to the amount that would be paid to single employees, upon receipt of required documentation. For those who retired prior to April 1, 1990, this "pop-up" provision became effective July 1, 2001. For a table of reduction factors, contact the ORNL Benefits Office.

If you die before you begin to receive plan benefits, your spouse will receive 50% of the benefit you would have received had it begun on the date of your death.

Married participants may also elect a 75% survivor annuity option. Under this form of payment, your pension is reduced and, after your death, 75% of that benefit is continued to your surviving spouse for the rest of his or her life. If your spouse dies before you, this form of payment does not "pop up" to the amount that would be paid to a single employee. (For a table of 75% Surviving Spouse reduction factors effective for the date you commence your benefit, contact the ORNL Benefits Office.)

For Single Employees

The plan's normal form of payment for a single employee is a life annuity. Under this form of payment, you receive the full benefit earned at retirement for your lifetime. After your death, no benefits are paid to anyone else.

Optional Forms of Payment

If you wish, you may choose an optional form of payment when you elect to receive your benefits. If you are married, you will need your spouse's written consent, witnessed by a notary public or a representative of the Plan Administrator, in order to elect one of the following optional forms of payment.

You may revoke or change your election at any time before benefits begin, subject to your spouse's written and witnessed consent.

Life Annuity Option for Married Employees

This option for married employees is the same as the normal form of payment for single employees. Under this form of payment, you receive your full pension benefits for your lifetime only. No benefits are paid to anyone after your death.

50% Survivor Benefit Option

You can elect a reduced pension in order to provide continuing income to a dependent child under age 23 or a dependent parent.

The amount of reduction in your pension depends on your age and the age of your named survivor. For tables of survivor reduction factors, contact the ORNL Benefits Office.

The terms "Dependent Child" and "Dependent Parent" are defined in the Glossary.

After your death, 50% of your reduced benefit will continue to your dependent child until age 23 (or as long as the child remains totally and permanently disabled) or your dependent parent for the rest of his or her life.

If you retire early and die before your pension benefits start, your named survivor will receive 50% of the reduced pension you would have received had it begun on the date of your death.

Your election of a survivor benefit cannot be changed after your pension begins. If your named survivor should die before you, this payment form will automatically "pop up" to the amount that would be paid to single employees. For those who retired prior to April 1, 1990, this "pop-up" provision became effective July 1, 2001.

Level Income Option

If you retire before age 62 and choose to have your pension benefits begin before you are eligible to receive Social Security benefits, you may elect the level income optional form of payment. Under this option, your plan income is increased until age 62 and is decreased after age 62 so that your combined income from the plan and Social Security is approximately level throughout your retirement. The Social Security amount used in the level income calculation is not your actual Social Security amount but is an estimate based on your Average Straight-Time Monthly Earnings for the calendar year immediately preceding your retirement date.

"Average Straight-Time Monthly Earnings" is defined in the Glossary.

If you elect the level income option, the survivor's benefit will be based on the pension amount before adjustment for this option.

The level income option is not available with the 75% surviving spouse coverage.

Social Security

Social Security retirement benefits are entirely in addition to benefits paid from the Pension Plan. Social Security provides retirement benefits to you and your eligible spouse based on earnings covered under the law. If you were born before 1938, full Social Security retirement benefits can start at age 65. Your spouse is eligible for an additional 50% of your benefit—or a benefit based on his or her own covered earnings, if greater—when he or she reaches age 65. Disability benefits may also be provided for you and eligible family members, as well as survivor's benefits.

For employees born after 1937, the age for unreduced Social Security benefits will gradually

increase from age 65 to age 67. Ultimately, for employees born after 1959, full Social Security benefits will not become payable until age 67. Reduced benefits are available as early as age 62.

Please remember that, although you and the Company each pay taxes toward the cost of your Social Security benefits, these benefits are not paid automatically. You must apply for them in all cases. To get more information about the law and your personal status under it, contact your local Social Security office. You can also access the Social Security Administration's website at www.ssa.gov.

Reemployment After Retirement

If you have been receiving pension payments and return to work at the Company, your Pension Plan benefits will be suspended during your period of reemployment until you reach age 70½—when you may choose to begin your benefits.

Your benefits will be suspended for any month in which you receive payment from the Company for hours of service performed on each of eight or more days (or separate work shifts). When payments begin again, they will be adjusted to reflect any benefit that may have accrued after returning to work.

Other Important Information

Withholding Taxes

Under federal tax law, federal income taxes must be withheld from pension payments—unless you elect otherwise. You may contact the ORNL Benefits Office for more information about tax withholding.

Change of Address

It is important that you notify the Company of any change in your address after you retire so you will be assured of receiving benefit communications which the Company may send to you, including your annual tax information.

Direct Deposit of Payments

Your pension payments will be directly deposited into the bank of your choice.

Administrative Information

Information about the administration of your retirement benefits can be found in the chapter titled "Administrative Information."

