



## Changes to the BD Retirement Plan

For eligible U.S. associates

## Frequently asked questions



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## 1. What's changing and who is affected?

The following changes affect associates currently eligible for the BD Retirement Plan (legacy BD associates hired before January 1, 2018 and legacy Bard associates hired before January 1, 2011):

- **Cash balance accounts will stop earning new monthly pay credits effective September 30, 2024**

Benefit accruals under the BD Retirement Plan will freeze effective September 30, 2024. However, cash balance accounts will continue to earn interest credits until the benefit is paid to participants at retirement.

- **Impacted associates will become eligible for the BD-provided annual non-elective contribution into their BD 401(k) Plan account effective October 1, 2024**

When impacted associates become eligible for the **401(k) Plan non-elective contribution**, each year BD will make a contribution to their account equal to 3% of eligible earnings, as long they continue to meet the BD 401(k) Plan's eligibility requirements for the contribution and are employed by BD on the last day of the plan year. This annual non-elective contribution is intended to be a pension-like contribution that is in addition to 401(k) matching contributions. Associates do not need to contribute to the 401(k) Plan to receive the non-elective contribution each year. **Note:** This is the same benefit currently provided to all U.S. associates hired on or after January 1, 2018.

- **There will be no change to the total BD-provided retirement savings contribution levels that impacted participants are receiving until after September 2025**

Although benefit accruals in the cash balance plan will cease as of September 30, 2024, the amount impacted participants will be eligible to receive as their BD 401(k) Plan non-elective contribution for the next 12-month period (from 10/1/2024 through 9/30/2025) will be determined using the last pay credit percentage received under the cash balance plan, assuming that they continue to meet eligibility requirements and are employed by BD as of the last day of the applicable plan year. As a result, if their cash balance pay credit is between 4–7%, they will not experience any change to their benefit level until after September 30, 2025. Associates with a pay credit percentage equal to 3% will not experience any change to their benefit level—even after September 30, 2025.

- **Impacted associates are 100% vested in the BD Retirement Plan and the BD 401(k) Plan**



What's yours is yours. You are 100% vested in the BD Retirement Plan and the BD 401(k) Plan. Your BD Retirement Plan and BD 401(k) Plan benefits will be payable to you when you leave BD.

## 2. Why is BD making these changes?

Over the last several years, and following a few significant acquisitions, BD has been on a journey to provide a unified benefits program for all U.S. associates. We provide a comprehensive benefit offering that includes health and welfare plans, well-being resources, time off and retirement benefits.

While we have made great strides in simplifying our benefits approach across our varied population, how we deliver retirement savings opportunities at BD still reflects differences depending on an associate's legacy company and date of hire. To provide a consistent and fair approach to retirement

savings for all U.S. associates, we now intend to freeze the BD Retirement Plan (also called the “cash balance plan”) and transition future retirement contributions for associates who are currently participating in that plan over to the BD 401(k) Plan. With this change, future retirement benefits for all U.S. associates, regardless of legacy company or when they joined BD, will be aligned under a single benefit approach providing parity across our U.S. population.

Utilizing the 401(k) defined contribution plan as the central source of employee retirement benefits is the most common approach to providing retirement savings benefits among large U.S. employers. In fact, the vast majority of employers have shifted away from providing retirement savings benefits through defined benefit plans like the BD Retirement Plan and other traditional pension plans. Instead, they now provide retirement benefits through defined contribution-type plans, like 401(k) plans. And most of BD’s peers have already transitioned to making 401(k) plans the central source of employee retirement benefits.

### **3. How much has my BD cash balance account been receiving in pay and interest credits?**

On the last day of each month (up until the plan freezes effective September 30, 2024), your cash balance account is credited with a pay credit equal to a percentage of your pensionable earnings. Pay credits are based on a combination of your age plus service (in years and months). As your age and years of service increase, your pay credits increase, as shown here.

Based on the total of your age PLUS years of service as of December 31 of each year	Eligible pay credit percentage
Less than 40	3%
40–49	4%
50–59	5%
60–69	6%
70+	7%

Additionally, your cash balance account also grows with monthly interest credits, which are credited as of the last day of each month. The rate used for interest credits is set by the plan each September for the following year and is based on U.S. Treasury rates. The annual interest credit rate may change from time to time, but it will never be less than 3.79%, which is 0.31% per month. Your account will continue to earn interest credits until it’s paid out to you at retirement.

### **4. What happens to the benefit I’ve already earned in the BD Retirement Plan?**

What’s yours is yours. Nothing will happen to the benefit you have already earned in the BD Retirement Plan, and you will continue to earn monthly interest credits until you retire and take your benefit. Your BD Retirement Plan benefit will be payable to you when you leave BD.

### **5. Are there changes to available payment options under the BD Retirement Plan?**

The lump sum and monthly annuity payment options currently available under the cash balance plan will remain unchanged.

## **6. Do I have to retire before the freeze of the BD Retirement Plan so I can keep my benefit?**

Regardless of when you decide to leave BD, the benefits you have accrued in the BD Retirement Plan are yours to keep. You are 100% vested and you will have several distribution options when you leave BD.

## **7. Will my cash balance account be transferred to my 401(k) account?**

No, accrued balances in the cash balance plan will not be transferred to the BD 401(k) Plan. The plans will remain as two separate and distinct plans. You may not transfer or roll over balances in the cash balance plan to the BD 401(k) Plan or any other retirement plan or pension plan while you are actively employed. Your benefit must remain in the cash balance plan while you remain actively employed with BD.

## **8. What is the interest used for the cash balance account interest crediting?**

The interest credits in 2024 to apply to your cash balance account balance is based in the 30-year US Treasury rate of September of the prior year. It is 4.47% in 2024. The plan will update annually when IRS publishes the rate. It will not be less than 3.79% annually.

## **9. How will this change impact my total BD-provided retirement contribution level?**

Although your benefit accruals in the cash balance plan will cease as of September 30, 2024, the amount you will be eligible to receive as your 401(k) Plan non-elective contribution for the next 12-month period (from 10/1/2024 through 9/30/2025) will be determined using your last pay credit percentage under the cash balance plan, assuming you continue to meet the BD 401(k) Plan's eligibility requirements. As a result, you will not experience any change to your benefit level until after September 30, 2025.

Effective October 1, 2025, you will become eligible for the BD-provided annual 3% non-elective contribution into your BD 401(k) account, assuming that you continue to meet the BD 401(k) Plan's eligibility requirements.

**Note:** You must remain continuously employed at BD through the end of each calendar year to receive the annual non-elective contribution into your 401(k) account.

## **10. How does the annual non-elective contribution work?**

The annual non-elective contribution is based on your eligible earnings and will be added to your BD 401(k) account in the first quarter of the following calendar year. You do not need to contribute to the BD 401(k) Plan to receive this contribution. You must remain continuously employed by BD through the end of each calendar year to be eligible to receive the annual non-elective contribution. Once the non-elective contribution is made to your 401(k) account, you can choose how to invest it among the available investment options in the plan.

## **11. What are eligible earnings?**

Eligible earnings include your regular salary, overtime, regular annual bonus, and sales incentives/commissions. Off-cycle bonuses are excluded.

## **12. Does the annual non-elective contribution apply towards the individual pre-tax contribution maximum established by the IRS each year?**

No. Any pre-tax and/or Roth contributions you make into the BD 401(k) Plan apply towards the annual contribution limit established by the IRS (2024 annual limit is \$23,000). There is also a total annual contribution limit that includes your total individual contributions, as well as, any contributions BD makes to your BD 401(k) Plan account, including company match and annual non-elective contributions (2024 annual limit is \$69,000). Both of these contribution limits are adjusted annually by the IRS.

### **13. Is the BD annual non-elective contribution taxable when it is credited to my BD 401(k) account?**

No. The BD annual non-elective contribution is not taxable until you take your distribution from the plan.

### **14. What BD's company match if I make personal individual contributions to the BD 401(k) plan?**

The BD 401(k) Plan allows you to save for your retirement with pre-tax, Roth and after-tax dollars. When you make a contribution to the plan via payroll, the plan offers up to 4.5% match on your contribution (75 cents on the dollar, up to the first 6% of eligible earnings you contribute).

### **15. How much can I contribute to the BD 401(k) Plan?**

You can contribute anywhere from 1% to 60% of your eligible pay through several types of contributions, including pre-tax, Roth, and after-tax. If you're 50 or older, you may also make catch-up contributions to the plan above the usual contribution limits set by the IRS.

### **16. What is the difference between pre-tax, after-tax and Roth contributions?**

- Pre-tax Contributions**

If you elect pre-tax contributions, your contributions are deducted from your pay before income taxes are applied. You pay no taxes on your pre-tax contributions or applicable earnings until you withdraw them from your account.

- Roth Contributions**

If you elect Roth contributions, your contributions are deducted from your pay on a post-tax basis and are included in your current taxable income. Earnings are tax-free if you wait for at least 5 years (from the year of your first Roth 401(k) contribution) to take a distribution, or until you have reached age 59 ½, become disabled or deceased.

- After-tax Contributions**

If you elect after-tax contributions, your contributions are deducted from your pay after taxes are applied. After-tax contributions are not subject to further income tax at distribution. However, any earnings on after-tax contributions are subject to tax at distribution.

### **17. If I'm not contributing to the BD 401(k) Plan, can I start now or do I have to wait until the BD Retirement Plan freeze takes effect?**

You can start contributing to the 401(k) Plan at any time. You do not have to wait until the BD Retirement Plan freeze takes effect.

### **18. Will I still receive the non-elective contribution from BD if I don't make personal**

## **individual contributions to the BD 401(k) Plan?**

Yes. You are not required to make personal individual contributions to the BD 401(k) Plan in order to receive the annual non-elective contribution from BD. .

## **19. How do I set up a BD 401(k) Plan account if I don't have one?**

Please contact Fidelity at 866.715.2068 to complete the setup of your BD 401(k) Plan account. Once your account is set up, you may log in and create deferral elections in the Plan. Be sure to review and/or update your investment allocation and make your beneficiary designation(s).

## **20. How can I find out how much is in my BD Retirement Plan account?**

Please contact Benefits Direct at 800.234.9855 or by visiting [BD.com/benefits](https://BD.com/benefits) and accessing the Retirement Hub.

## **21. What is a Joint and Survivor annuity option under the BD Retirement Plan?**

A Joint and Survivor (J&S) Annuity option pays a benefit to the retiree and a spouse or a designated beneficiary after the death of the retiree. If you are single and do not have a beneficiary on file, the J&S options will not be available to you. Please contact Benefits Direct at 800.234.9855 or by visiting [BD.com/benefits](https://BD.com/benefits) and accessing the Retirement Hub.

## **22. How are benefits under the BD Restoration Plan affected by these changes?**

The BD Restoration Plan is an “excess” retirement plan and is applicable to associates affected by the federal IRS limits on qualified retirement plans, such as the BD Retirement Plan. Similar to the changes in the BD Retirement Plan, there will be no new pay credits earned in BD Restoration Plan accounts after September 30, 2024. Affected associates will continue to earn interest credits in the BD Restoration Plan and will be eligible to receive the vested benefit they have earned, including interest credits, when they leave the company.

## **23. How are benefits under the BD Deferred Compensation Plan (DCP) affected by these changes?**

The BD DCP is an “excess” defined contribution plan and is applicable to associates affected by the federal IRS limits on qualified retirement plans, such as the BD 401(k) Plan. Affected associates who are eligible to enroll in the DCP will receive similar non-elective contribution credits in their DCP accounts after September 30, 2024.

## **24. How much money will I need when I retire?**

The decision of when to retire is a very personal one. Similarly, your income needs in retirement are also based on several personal factors, such as your lifestyle, where you live, and your health. In general, experts think you won’t need as much income after you retire as you do while you’re working. They suggest you’ll need between 70% and 90% of your pre-retirement annual income to maintain a similar standard of living in retirement. For example, if your income before retirement is \$75,000, you might aim for \$60,000 a year (which is 80% of \$75,000) after you retire.

## **25. What is the impact of this change to my retirement savings?**

This change to the BD Retirement Plan will impact each associate differently, depending on the current pay credit percentage you are receiving under the cash balance plan. Please keep in mind that although accruals in the cash balance plan will cease as of September 30, 2024, the amount you

will receive as your 401(k) Plan non-elective contribution for the next 12-month period will be determined using the last pay credit percentage you received under the cash balance plan. As a result, if your cash balance pay credit is between 4–7%, you will not experience any change to your benefit level until after September 30, 2025. Associates with a cash balance plan pay credit percentage equal to 3% will not experience any change to their benefit level—even after September 30, 2025.

Call Ayco at 800.334.0823 to set up a no-cost appointment with a financial counselor, who can help you with your retirement income planning.

## 26. What actions can I take to prepare for retirement?

To maximize the benefits and programs BD offers to prepare for the future, we recommend you take the following steps:

- **Evaluate your 401(k) Plan contributions.** If you are not currently enrolled in the 401(k) Plan with a contribution rate of at least 6%, you're leaving "free money" on the table by not receiving all the matching contributions available to you. Matching contributions help your account grow faster and give you more money to invest on a pre-tax basis. You don't pay taxes on these contributions—or any associated earnings—until you withdraw the funds. Even if you are already enrolled at 6% and maximizing the company matching contributions, you may want to evaluate whether you have room in your budget to increase your savings rate to have more money invested and working for you.
- **Participate in a Health Savings Account (HSA).** Studies show that almost 20% of retiree income will be spent on healthcare. HSAs are a smart way to pay for medical expenses in retirement. They have a triple tax advantage—contributions are not taxed going into the account, while they remain in the account growing in value or when you withdraw them, as long as you use them on qualified medical expenses. You must be enrolled in a BD medical plan with an HSA to make contributions to the account. Call HealthEquity at 844.354.0118 for more information.
- **Review your personalized total retirement statement.** Your statement was mailed to your home address in April 2024 and shows the estimated retirement income you can expect to receive from all your BD retirement benefits. You can use this statement to understand how much future retirement income you might accumulate and to make informed decisions about your financial future.
- **Consult with the experts.** BD provides you with access to confidential, unbiased financial planning services at no cost to you through Ayco. Contact an Ayco coach, who can help you come up with a plan that works for you, by calling 800.334.0823 or visiting [ayco.com/login/bd](http://ayco.com/login/bd).

## 27. I was thinking of retiring within the next couple of years. How does this change affect me?

The decision to retire is deeply personal and should be based on a number of factors. As you make your plans, there are several decisions you'll need to make. You'll want to review Your Guide to Retiring from BD and the BD Retirement Checklist, available on HROne, to get started. So that you can be confident and informed in your retirement planning, you may also wish to consult with a financial advisor to help you with your decision. BD offers one-on-one financial counseling at no cost to you through Ayco. Contact Ayco at 800.334.0823 for an appointment with a financial counselor.

## **28. Can I receive my retirement benefit now, while I continue to work for BD?**

No, in most cases the plan does not permit distributions of your retirement benefits while you remain actively employed with BD unless you reach age 65 (normal retirement age).

## **29. Am I required to retire from BD once I reach age 65?**

No. You are not required to retire from BD once you reach age 65.

## **30. Am I required to take my BD Retirement Plan benefit at age 65?**

It depends. If you are actively employed, you can delay your benefit payment until you leave. If you leave BD before you turn age 65, you will be required to take distribution from the plan no later than age 65.

## **31. How are investment funds for the BD 401(k) Plan selected?**

As the sponsor of the 401(k) Plan, BD has a fiduciary responsibility to ensure the plan meets all legal requirements and serves in the best interest of plan participants and beneficiaries. BD has appointed an Investment Committee, whose primary responsibility is to regularly review the plan's investment funds to evaluate whether they are still meeting their stated objectives, performing well against their benchmarks and remain appropriate for the plan. The Investment Committee's goal is to provide a diverse range of investment options of high-quality funds along the risk/reward spectrum so participants can choose a portfolio of investments to meet their saving and retirement goals based on their individual objectives and risk tolerance. The Investment Committee may, from time to time, recommend changes to current investment options or the addition of new funds; however, not all investment options are appropriate for the 401(k) Plan. In general, very high-risk, speculative investments would not be considered.

## **32. What financial planning services and other resources are available to assist me with my retirement planning needs?**

BD offers several different resources to help you plan for the future:

Resource	Location/contact
<b>Personal financial counseling with Ayco</b> Get confidential, unbiased financial planning services at no cost through Ayco. Ayco coaches can help you make the best use of our BD benefits and develop a personal retirement savings strategy that works for you.	<b>800.334.0823</b> <a href="http://ayco.com/login/bd">ayco.com/login/bd</a>
<b>BD Retirement Plan and Restoration Plan: Benefits Direct</b> Find out how much income you can expect to receive in the future.	<b>800.234.9855</b> <a href="http://bd.com/benefits">bd.com/benefits</a> Speak with a Retirement Specialist

<p><b>BD 401(k) and DCP benefits: Fidelity NetBenefits®</b></p> <p>Model your savings benefits and/or plan for retirement. To model how your 401(k) savings can grow on <a href="http://netbenefits.com">netbenefits.com</a>:</p> <ul style="list-style-type: none"> <li>• Log in with your username and password</li> <li>• Go to “Your financial wellness journey”</li> <li>• Select “Retirement milestone”</li> <li>• At the prompts, enter your annual salary, how often you’re paid (every two weeks) and your retirement age</li> <li>• Select “Your retirement goal”</li> </ul>	<p>866.715.2068</p> <p><a href="http://netbenefits.com">netbenefits.com</a></p> <p>Log in and click the “Planning” link to visit the Planning &amp; Guidance Center to use Fidelity’s tools to build your personal retirement plan</p>
<p><b>BD Retirement Checklist</b></p> <p>Use this checklist to help you plan and keep track of next steps for your healthcare, retirement income and other voluntary benefits before and after you retire from BD.</p>	<p><b>HROne</b></p> <p>(go to Maxwell → HR → HROne → “Retirement and Savings plans”)</p>

This communication highlights certain provisions of the benefit plans available to eligible employees of Becton, Dickinson and Company and its affiliates ("BD"). It is meant to provide only a brief overview of these benefits and anticipated changes to those benefits. Should any questions ever arise about eligibility or the nature and extent of these benefits, or should there be a conflict between the plan document and this communication, the formal language of the plan documents as construed and interpreted by the plan administrator will govern. BD reserves the right to amend, modify, suspend or terminate these plans, in whole or in part, at any time and for any reason by action of BD to the extent permitted by applicable law and the plan. Note that the changes described herein will not be final until a formal plan amendment has been adopted, and therefore this describes changes that BD intends to make to the plans, but may be subject to change unless and until a formal plan amendment is adopted. This communication and the benefits described within do not imply any guarantee and are not an employment contract.

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