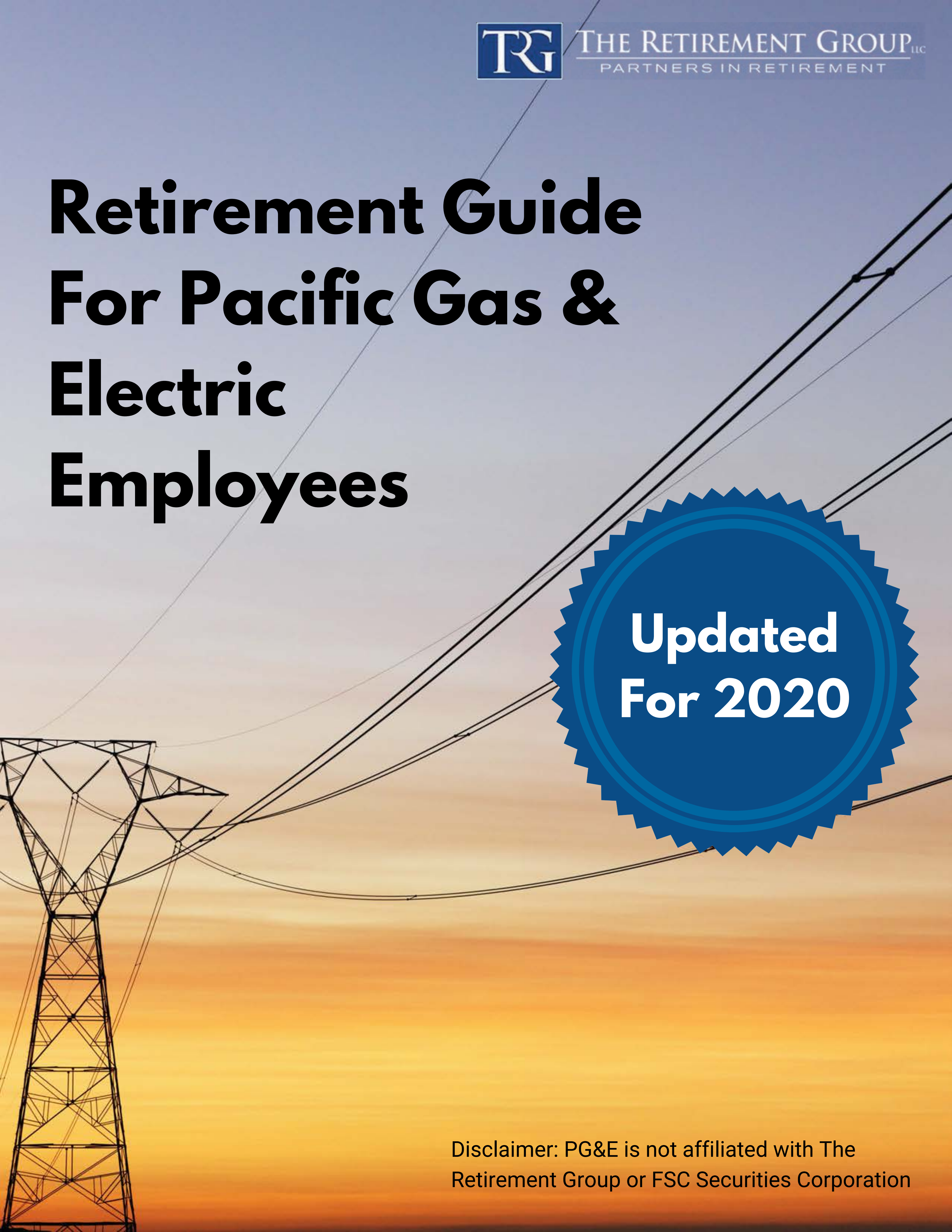


THE RETIREMENT GROUP LLC
PARTNERS IN RETIREMENT

Retirement Guide For Pacific Gas & Electric Employees

Updated For 2020

Disclaimer: PG&E is not affiliated with The Retirement Group or FSC Securities Corporation

Introduction

The Retirement Group was founded with the goal of assisting our Pacific Gas & Electric (PG&E) corporate employees in every aspect of their financial lives as they transition into retirement. We provide the most personal service available, thus earning a reputation for excellence in our industry. For each of our clients, we strive to help create financial stability and security to provide financial independence.

Our staff consists of experienced professionals who know PG&E benefits and provide a "hands-on" approach to financial guidance. Not only do our clients find our team members knowledgeable, but they also discover that our staff truly cares about making their dreams a reality. We do everything in our power to keep our clients focused on where they want to go, advise them on how to get there, and continually remind them of the importance of maintaining a disciplined approach to pursue their goals.

Our company is based on the principle that education and understanding of one's current financial situation are vital to successfully make prudent decisions concerning one's financial future.

Learn more by visiting:

www.theretirementgroup.com

As you transition from PG&E, we want to share information to help you make important decisions that affect you and your family's well-being.

This guide tells you about PG&E benefits, steps to take, and where to find resources that will help you get the most from your retirement benefits.

Please note: This guide lists the actions you must take to access your retirement benefits. Read the Tips on Using This Guide section for more information and refer to the PG&E Summary Plan Description for a full description[4].

Disclosure: The Retirement Group is not affiliated with PG&E.

TABLE OF CONTENTS

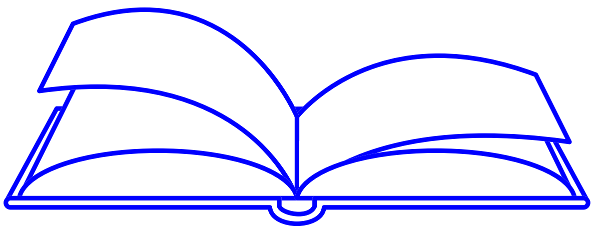
Stages of Retirement

This specialized designed guide offers a summarized list of steps to simplify your transition into retirement. We provide links to websites and other resources you will need to help you get the most from your retirement benefits.

Please note: This guide is a summary of the actions you must take to access your retirement benefits. For full details, you should review the PG&E summary plan descriptions (SPD) (4) that apply to your retirement benefits. For health and welfare benefits, if you are still an active employee, call the PG&E Benefits Center and request the applicable SPDs(4). This is a summary of steps to take before and after leaving PG&E. The official plan documents are the final authority on the terms of the plans.

To find more in depth information on early retirement offers read our e-book

"Early Retirement Offers"



Stages of Retirement

Retirement planning, whether you are 20 or 60, is something we must actively plan towards annually. Unfortunately, numerous polls and experts say the majority of Americans don't know how much to save or the income they will need.

Getting started... Your 20's and early 30's

Everyone knows it's critical to start in your 20's and early 30's. Many suffer from impending anxiety from not saving enough, while others are grateful they feel secure.

TIME... It is the one advantage you will never get again. As some of you may know, compounding has significant impacts on future savings. Starting early matters and the key is to increase/maximize your PG&E 401(k) contributions.

Say you open a tax-deductible Individual Retirement Account (IRA) at age 25 and invest $100 a month until age 65. If the account earns 8% a year, you could amass $349,100 by age 65. If you wait until age 35 to start saving the same $100 a month, you could end up with $149,035 when you are 65. Waiting 10 years to start saving and investing could cost you substantially.

There are three primary reasons why a 401(k) is such a popular retirement savings vehicle: **matching contributions, tax benefits, and compound growth.**

Matching contributions is what it sounds like: It's when your employer matches your own 401(k) contributions with company money. If your employer matches, they'll typically match up to a certain percent of the amount you put in.

Let's say that your employer matches up to 3% of your contributions to the plan, dollar for dollar. If you contribute 2% of your salary to your plan, your total 401(k) contribution will be 4% of your salary each month after the employer match is added. If you bump up your contribution by just 1% (so you're putting in 3% of your salary), your total contribution is now 6% with the employer match.

Unfortunately, many workers don't take full advantage of the employer match because they're not putting in enough themselves. A recent study revealed that employees who don't maximize the company match typically leave $1,336 of potential extra retirement money on the table each year. (23)

Working on it... Your 30's through your 40's.

At this stage, you're likely full stride into your career and your income probably reflects that. The challenges to saving for retirement at this stage come from large competing expenses: a mortgage, raising children and saving for their college. Try investing a minimum of 10% of your salary towards retirement. Always, maximize the PG&E contribution match.

One of the classic conflicts is saving for retirement versus saving for college. Most financial planners will tell you that retirement should be your top priority because your child can usually find support from financial aid whereas you'll be on your own to fund your retirement.

The home stretch... Your 50's and 60's.

Ideally, you're at your peak earning years and some of the major household expenses, such as a mortgage or child-rearing, are behind you, or soon will be. Now, it's time boost your retirement savings goal to 20% or more of your income as it's the last opportunity to stash away funds.

Workers age 50 or older, in 2020, can invest up to $19,500 into their retirement plan/401(k). Once they meet this limit they can add an additional $6,500 in catch up contributions. These limits are adjusted annually for inflation. If you are over 50, you may be eligible to use a catch-up contribution within your IRA.

To find more in depth information on early retirement offers read our e-book

"Early Retirement Offers"

Your Pension Plan

Whether you're changing jobs or retiring from PG&E, knowing what to do with your hard-earned retirement savings can be difficult. An employer-sponsored plan, such as a Pension & 401(k), may make up the majority of your PG&E retirement savings, but how much do you really know about that plan and how it works? There are seemingly endless rules that vary from one retirement plan to the next, early out offers, interest rate impacts, age penalties, & complex tax impacts.

Increasing your investment balance and reducing taxes is the key to a successful retirement plan spending strategy. Our advisors at The Retirement Group can help you understand how your retirement 401(k) fits into your overall financial picture and how to make that plan work for you.

"Workers are far more likely to rely on their workplace defined contribution (DC) retirement plans as a source of income. 8 in 10 believe this will be a major or minor source of income in retirement. 3 in 4 expect income to come from their personal retirement savings or investments."
- Employee Benefit Research Institute

As of March 2019, 71% of full-time private-sector American workers had access to an employer retirement plan, but only 56% chose to participate. Regardless of what you choose to do with the funds from your employer retirement plan, you're already ahead of 44% of all workers.(1)

Your Pension Plan - Overview

Your first Defined Benefit pension payment

If you have a monthly annuity and you start your pension on your retirement date, your first monthly pension payment will be made on the first of the month after you retire—not on your retirement date—and your first payment will include your first and second monthly benefits.The way your pen sion is calculated depends on the type of formula you have and your employment classification.

- Employees hired before 2013 may have the final pay formula—or a combination of the final pay formula and the cash balance formula.
- All employees hired in 2013 and later have the cash balance formula.

Union-represented employees hired before 2013

Your basic weekly pay as of **30 days** before retirement* X Your credited service **up to 25 years** X 1.5% X Early retirement factor, if applicable = Monthly benefit for service up to **25 years**

+

Your basic weekly pay as of **30 days** before retirement* X Your credited service **over 25 years** X 1.6% X Early retirement factor, if applicable = Monthly benefit for service over **25 years**

*Your "basic weekly pay" is equal to your straight-time hourly rate of pay for the basic work week as of the 30th day before your retirement or termination—not including any temporary upgrade pay, or premium pay, or any benefits of any kind—multiplied by 2,080 hours, divided by 52 weeks, and then rounded up to the nearest $10.

Management and A&T employees hired before 2013

Your **final 36-month** average salary X Your total credited service X 1.7% X Early retirement factor, if applicable = Monthly benefit

To find more in depth information on retirement planning for ages 50-65, read our e-book

Retirement Planning for ages 50-65

Your Pension Plan

Cash balance formula

The cash balance formula lets your pension benefit accumulate for each year you work in a pension-eligible position—not just at the end of your employment.

All employees hired 2013 and later, or employees hired before 2013 that chose the cash balance formula can accrue annual pay credits based on full years of age and full years of credited service—plus, your account is credited with interest on the last day of each calendar quarter.

Annual pay credits

Annual pay credits are based on a point system of full years of age and full years of credited service as of December 31 each year:

Example:

55 years old + 21 years of service = 76 points (55 + 21)

This person would get an annual pay credit of 9% of pay.

Annual pay credits

based on points (age + service):

Fewer than 40 points	5% of pay
40–49 points	6% of pay
50–59 points	7% of pay
60–69 points	8% of pay
70–79 points	9% of pay
80 or more points	10% of pay

If you have both formulas

Did you choose the cash balance formula during the pension choice period in 2013? You'll have:

A final pay pension based on your service through December 31, 2013 (using the final pay formula that applies to you)

+

A cash balance pension for your service starting January 1, 2014

You can start your two benefits at the same time or separately, and you can make the same or different payment option and joint pensioner elections for the two benefits.

Looking for a second opinion, click here to speak to a Financial advisor today!

Click Here

Retiring early?
The younger you are when you retire, the more your benefit may be reduced to reflect what's likely to be a longer retirement period.

Final pay formula	Cash balance formula
If you start to receive your monthly pension payments **before age 65**, your benefit may be reduced.	**No matter how old you are when you leave PG&E,** you can take your vested benefit as a single lump-sum payment or as a monthly annuity for life.
Any reductions in your monthly pension benefit will be based on your years of credited service and age when your pension payments begin.*	**If you take your cash balance benefit as a lump sum**, you can roll it into another retirement plan—like an IRA—to avoid potential immediate income taxes or IRS early withdrawal penalties.
Your personalized pension election form already shows reduced benefits if the early retirement reduction factors apply to you.	**If you take your cash balance benefit as an annuity**, your account balance will be converted to a monthly benefit for life using IRS-based actuarial factors that take into account your age when you start receiving benefits.

*The final pay formula's early retirement reduction factors are calculated using bands of service years, as described in the *Summary of Benefits Handbook*.

Pension payments can't be changed or stopped:
After you start receiving your monthly pension payments, they'll continue for life.

- You can't change any of your pension elections for any reason after your pension start date.
- Your payments can't be stopped or suspended even if you're rehired or reinstated by PG&E, unless there is a legal reason requiring a hold on your pension benefit.

Delaying your pension

Planning a new career after you retire? Have a new job lined up?

You can delay the start of your pension, whether you have the final pay formula or the cash balance formula. You're not required to start your pension to receive retiree medical coverage, and you're not required to elect retiree medical coverage to receive your pension. If you delay your pension, you'll still be considered a retiree for all your other retirement benefits.

Starting a delayed pension: If you decided to delay your pension when you retired and you later want to start your pension, you must notify the PG&E Pension Call Center at least 90 days but no more than 180 days before you want your pension to start. If you're retiring early and you delay the start of your pension, your benefit may increase.

Final pay formula

Do you have an early retirement reduction? It will decrease for every month that you delay the start of your monthly pension payments—until you qualify for an unreduced pension. The later you start your pension payments, the smaller the reduction for early retirement.

EXAMPLE: Delayed pension for employee with 20 years of service

Payment starts	Benefit at normal retirement age (single life pension)	Early retirement reduction factor	Early retirement benefit (single life pension)
Age 55	$1,000 per month	26%	$740 per month
Age 60	$1,000 per month	6%	$940 per month
Age 62	$1,000 per month	0%	$1,000 per month
Age 65	$1,000 per month	0%	$1,000 per month

If you come back to work for PG&E

If you're rehired or reinstated by PG&E:

- You'll keep your pension,
- Any monthly annuity payments will continue while you work,
- You'll earn income as an active employee.

Benefits for pension-eligible rehires:

If you're rehired as a pension-eligible employee, you'll be eligible for a new pension benefit under the cash balance formula as if you were a newly hired employee—except you'll be immediately vested.

The new cash balance benefit will be added to your unchanged original pension payment after you retire a second time.

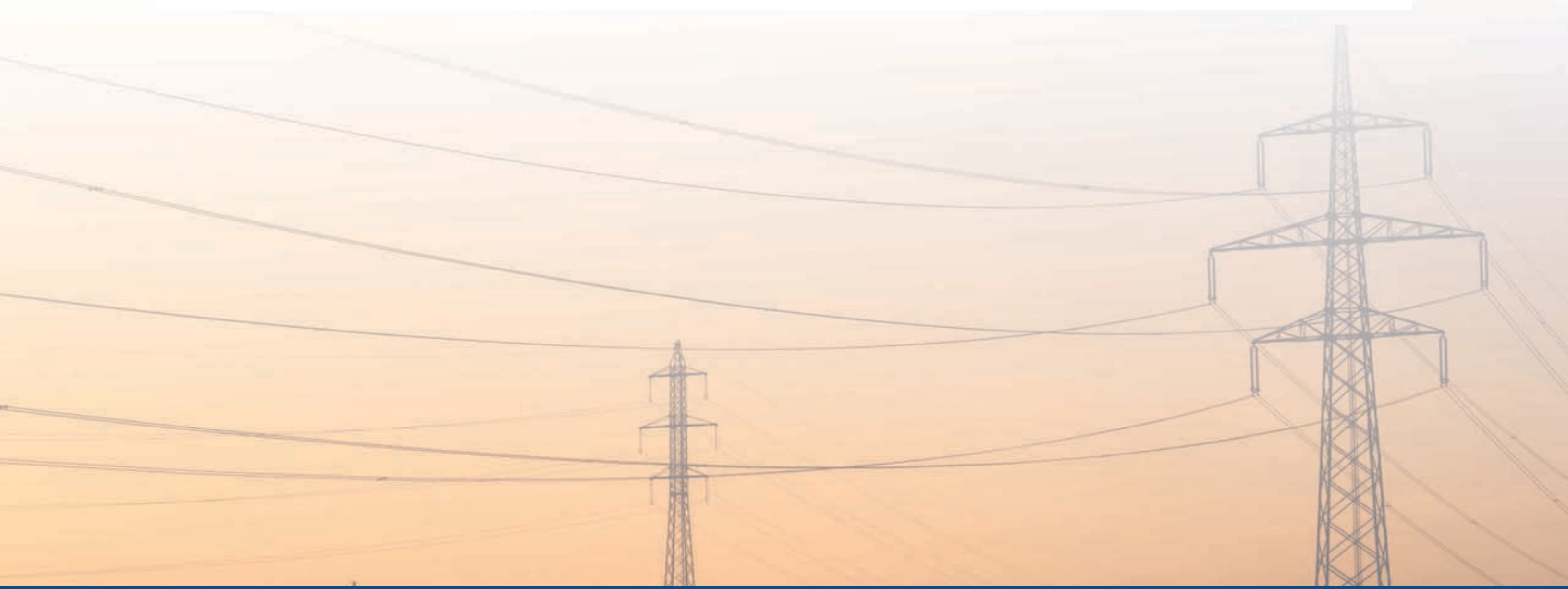
Rehired 2013 or later

Your additional service starting on your rehire date will be added to your original service for purposes of determining pay credits under the cash balance pension.

The cash balance formula recognizes all prior pension-eligible service with PG&E, even if you're already receiving a pension payment for those years of service.

Rehired before 2013

You'll receive an additional pension based on service starting with your most recent hire date through your most current retirement date.



Did you contribute to the Retirement Plan before 1973?
Check your personalized Pension Election and Authorization form. It will show your contributions if you made any.

If you made contributions, you need to decide what to do with them:

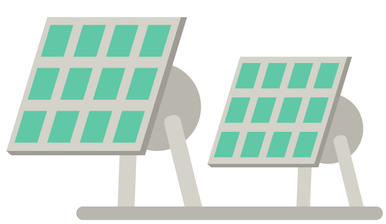
Leave contributions and interest in the Plan.		Refund contributions and interest.
You'll receive the full pension payment you elect.	OR	You'll receive a reduced monthly pension payment to reflect the value of your withdrawn contributions and interest. Your monthly pension payment will be further reduced if you elect a joint pension or if you have early retirement factors.

When do you want your refund?
You can get your refund in the same year as your first pension payment (your pension start date) or in the next year after your pension start date.

Refund election dates are tied to your pension start date—not to your retirement date. If your pension is delayed, your refund will also be delayed. Here are your choices:

Current-year refund
- Refund will be paid in the same year as your pension start date
- Refund will be paid in the same month as your first pension payment
- Refund may be paid on a different date than your first pension payment

Next-year refund
- Refund will be paid the year after your pension start date
- Refund will be paid in January of the following year
- Refund may be paid on a different date than your January pension payment



How do you want your refund?
You have three payment options for your refund:

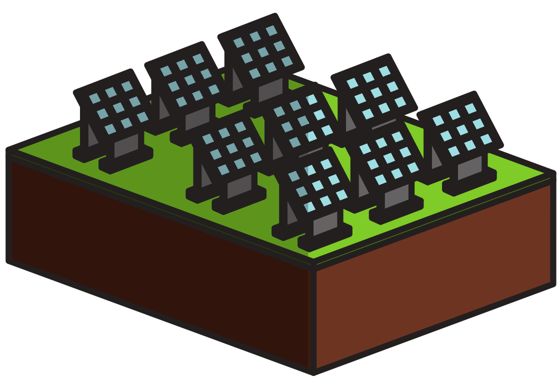
Cash only	Cash + rollover	Rollover only
Cash payment of all contributions and interest directly to you	Cash payment of contributions directly to you Interest as a direct rollover to an IRA or other retirement plan	Direct rollover of all contributions and interest to an IRA or other retirement plan

Taxes and timing of your refund.
Your contributions were made on an after-tax basis, but the interest you accrued has been tax-deferred. Federal laws require that you receive the credit for your nontaxable contributions over your expected lifetime.

This means if you take a refund now, most of the refund will be taxable in the year you receive it.

Even if you don't take a refund of your contributions, your monthly pension payment will contain a portion that is not taxable until either:

- The full value of your after-tax contributions has been returned to you, if you don't take a refund
- The full value of your after-tax contributions has been accounted for, if you do take a refund.



If you're married
If you die before your entire contribution is returned to you or is fully accounted for, your spouse will be able to deduct the remaining nontaxable portion from your tax return for the year in which you die.

If you live past the life expectancy used in your benefit calculation, then your full pension payment will be taxable after you have received your entire contribution or after it has been fully accounted for.

Refunds and rollovers
Most of your cash refund will be taxable in the year you receive it. PG&E will withhold required taxes from your cash refund.

The rollover amount won't be taxable until you withdraw the money from your tax-qualified plan. No taxes will be withheld from the direct rollover of your interest as long as you complete the rollover within 60 days of the date on your rollover check. If you're late delivering the rollover funds, you may have immediate income taxes and IRS early withdrawal penalties on the amount of your rollover.

One of your biggest decisions will be how you want your pension to be paid.
Both the final pay formula and the cash balance formula allow the following monthly annuities. You can be single or married to elect any of these options:

Single life pension	Regular joint pension	Special joint pension
Pays you a monthly benefit for your lifetime	Pays you a reduced monthly benefit for your lifetime	Pays you a reduced monthly benefit for your lifetime
Stops when you die	If you die first: Pays your joint pensioner a percentage of your benefit for his or her lifetime	If you die first: Pays your joint pensioner a percentage of your benefit for his or her lifetime
	If your joint pensioner dies first: **Continues to pay you a reduced monthly benefit for your lifetime**	If your joint pensioner dies first: **Pays you an increased monthly benefit—the single life benefit—for your lifetime, as if you had never elected the joint pension**
Married? Your spouse must provide notarized consent to this option	**Married?** Your spouse may need to provide notarized consent to your election	**Married?** Your spouse may need to provide notarized consent to your election

Single life pension
This option pays you a monthly benefit for your lifetime, and stops the first of the month after your death. No payment will be made to any other person after your death.

If you elect this option, you won't be able to change your election even if you later marry or want to add a joint pensioner other than your spouse.

Married?
Federal law requires that your spouse be paid at least a 50% joint pension unless you and your spouse elect otherwise. Your spouse will have to provide notarized consent if you choose the single life pension.

Regular joint pension
This option pays you a reduced monthly benefit (compared to a single life pension) for your lifetime—plus, after your death, it pays a further benefit to any one person you choose for his or her lifetime. Your basic monthly pension benefit will be reduced to reflect the additional value of this option to your joint pensioner.

After your death, your joint pensioner will receive the percentage of your benefit that you elect:

○ 25% ○ 50% ○ 75% ○ 100%

EXAMPLE: If your regular joint pension is $3,000 per month and you elect a 50% regular joint pension—after your death, your joint pensioner will receive $1,500 per month for life.

Your percentage options may be limited if your joint pensioner isn't your spouse and is more than 10 years younger than you are.

If your joint pensioner dies before you do, your benefit will continue as the reduced monthly pension payment for your lifetime. No payment will be made to anyone after your death.

Special joint pension

This option pays you a reduced monthly benefit (compared to a single life pension and a regular joint pension) for your lifetime—plus, after your death, it pays a further benefit to any one person you choose for his or her lifetime.

If your joint pensioner dies before you do, your benefit will increase or “pop up” to the original single life pension benefit—as if you had never elected a joint pension. This increased benefit will be payable for your lifetime, but no payments will be made to anyone after your death.

Your basic monthly pension benefit will be reduced by more than it would for the regular joint pension. That’s because this option offers greater value to you if your joint pensioner dies first. If you die first, your joint pensioner’s monthly benefit won’t increase beyond the percentage you elect.

You can't change your joint pensioner

If you elect a joint pension, the person you designate as your joint pensioner will be the only person to receive the joint survivor’s benefit when you die.

You won’t be able to designate a different joint pensioner to receive your survivor’s benefit—and you won’t be able to remove the joint pensioner you elect. This rule applies even if:

• You later divorce or sever ties with your joint pensioner
• You later marry a new spouse
• Your joint pensioner dies

Married?

Federal law requires that your spouse be paid at least a 50% joint pension unless you and your spouse elect otherwise. Your spouse will have to provide notarized consent if you choose:

- The 25% joint pension with your spouse
- Any joint pension percentage with someone other than your spouse
- A single life pension

How to initiate the pop-up benefit

If your joint pensioner dies before you do, contact the PG&E Pension Call Center.

They'll explain how to initiate the pop-up benefit and where to send the certified copy of your joint pensioner's death certificate.

Relative value of joint pension options

Your personalized pension benefit estimate shows a relative value percentage for each of the joint survivor's pension options, so you can compare:

Value of benefit payable as an unreduced single life pension	VS.	Value of benefits payable under each joint pension option

The relative values are determined using interest rates and life expectancy assumptions specified by the IRS. The relative value compares the actuarial equivalent of your unreduced single life pension to each joint pension option amount based on the life expectancy of you and your joint pensioner.

If you or your joint pensioner live longer than the assumptions, the actual value of your lifetime payments will be greater than the stated value because you'll receive the payments for a longer period of time.

Your Pension Plan: Payment Options

Forms of Payment

- Single Life Annuity
- Joint and Survivor Annuity
- Special Joint Annuity
- Lump Sum

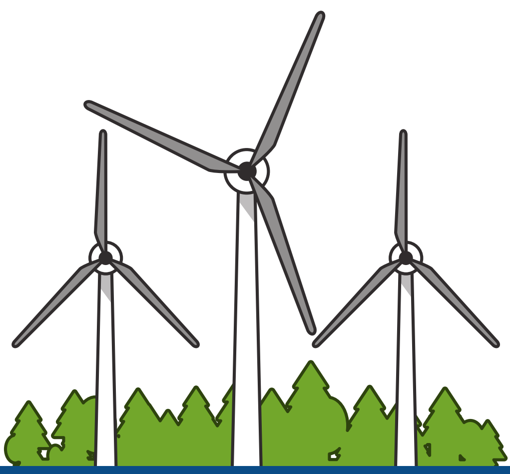
Thinking about what to do with your pension is an important part of planning for your retirement at PG&E. What is best for you and your family?

You should routinely use the tools and resources found on The Retirement Group's e-book library, such as the *Utilitykit(*17), to model your pension benefit in retirement and the pension payment options that will be available to you.

You can also contact a PG&E advisor at The Retirement Group at (800)-900-5867. We will get you in front of a PG&E advisor to help you start the retirement process and tell you about your payment.

To find more information on determining how much cash flow you need in retirement, read our e-book

"Determining Cash Flow"



Your Pension Plan

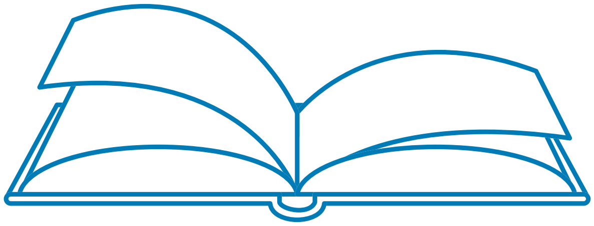
Note: We recommend you read the PG&E Summary Plan Description.The Retirement Group is not affiliated with PG&E

Next Step:

- How do interest rates affect your decision?
- Use the "UtilityKit" (17) to understand cash flow, interest rates, and explore which pension option might be the best fit for you during retirement.
- As you get closer to your retirement date, contact a PG&E focused advisor at The Retirement Group and also read the applicable SPD Summary(4) to start your retirement process.
- PG&E will need you to provide documents that show proof of birth, marriage, divorce, Social Security number, etc., for you and your spouse/legally recognized partner.
- PG&E has Beneficiary Designation online to make updates to your beneficiary designations, if applicable to your pension program. Please read your SPD for more details(4)

To find more in-depth information on our Utilitykit, click here

"Utilitykit"



Interest Rates and Life Expectancy

In many defined benefit plans, like PG&E's, current and future retirees are offered a lifetime monthly pension benefit.

Something else to keep in mind is that current interest rates, as well as your life expectancy at retirement, have an impact on annuity payout options of defined benefit pension plans. Annuity payouts are typically lower in a low interest rate environment, but tend to increase in a rising interest rate environment.

Additionally, projected pension annuity benefits for active employees will often decrease as an employee ages and their life expectancy decreases. This can potentially be a detriment of continuing to work, so it is important that you run your pension numbers often and thoroughly understand the timing issues. Other factors such as income needs, need for survivor benefits and tax liabilities often dictate the decision to take the type of annuity option on the pension.

For more information on rising interest rates, read our ebook

"Rising Interest Rates"

Professional help is available

Not sure what to do with your Retirement Savings Plan (RSP) account?
Please call The Retirement Group at (800)-900-5867 for more information and we can get you in front of a PG&E advisor. Details on your RSP will be in the distribution package from Fidelity, and you can find more information by logging on to your account at 401k.com or in the Summary of Benefits Handbook via mypgebenefits.com > Resources tab.

Check your beneficiary

Do you still have the right beneficiary for your RSP account?
Review your beneficiary designation whenever you experience a significant life event like retirement, marriage, divorce or the death of a previously designated beneficiary. You can change your beneficiary anytime. Log on to NetBenefits at 401k.com or call Fidelity at 1-877-743-4015.

Next Step:

- Watch for your Participant Distribution Notice and Special Tax Notice Regarding Plan Payments. These notices will help explain your options and what the federal tax implications may be for your vested account balance.
- "*What has Worked in Investing*"[18] & "*8 Tenets when picking a Mutual Fund*"[7].
- To learn about your distribution options, call The Retirement Group at (800)-900-5867. Click our e-book for more information on "*Rollover Strategies for 401(k)s*"[14].

Note: If you voluntarily terminate your employment from Pacific Gas & Electric, you will not be eligible to receive the annual contribution.

Your 401(k) Plan

When is the last time you reviewed your 401(k) plan account or made any changes to it? If it's been a while, you're not alone. 73% of plan participants spend less than five hours researching their 401(k) investment choices each year, and when it comes to making account changes, the story is even worse.

When faced with a problem or challenge, many of us are programmed to try to figure it out on our own rather than ask for help. The Christmas Eve ritual of assembling toys without looking at the instructions and that road trip when we refused to stop to ask for directions come to mind. But when we're talking about 401(k) investing, choosing to go it alone rather than get help can really hurt.

Over half of plan participants admit they don't have the time, interest or knowledge needed to manage their 401(k) portfolio. But the benefits of getting help goes beyond convenience. Studies like this one, from Charles Schwab, show those plan participants who get help with their investments tend to have portfolios that perform better: The annual performance gap between those who get help and those who do not is 3.32% net of fees. This means a 45-year-old participant could see a 79% boost in wealth at age 65 simply by contacting an advisor. That's a pretty big difference.

Getting help can be the key to better results across the 401(k) board. A Charles Schwab study found several positive outcomes common to those using independent professional advice. They include:

- **Improved savings rates** – 70% of participants who used 401(k) advice increased their contributions.
- **Increased diversification** – Participants who managed their own portfolios invested in an average of just under four asset classes, while participants in advice-based portfolios invested in a minimum of eight asset classes.
- **Increased likelihood of staying the course** – Getting advice increased the chances of participants staying true to their investment objectives, making them less reactive during volatile market conditions and more likely to remain in their original 401(k) investments during a downturn. Don't try to do it alone.

Get help with your 401(k) investments. Your nest egg will thank you.

Source: 26

In-Service Withdrawals

General Rules: You may withdraw amounts from your account while still employed by an employer under the circumstances described. Certain withdrawals are subject to regular federal income tax and if you are under age 59 ½ you may also be subject to an additional 10% penalty tax. You can determine whether you are eligible for a withdrawal, and request one, via internet access or by calling the PG&E Benefits Center.

Rolling Over Your 401(k)

As long as the participant is younger than age 70 ½, an in-service distribution can be rolled over to an IRA. A direct rollover would avoid the 10% early withdrawal penalty as well as the mandatory 20% tax withholding. Refer to your SPD for more information & possible restrictions on rollovers/withdrawals.

Because a withdrawal permanently reduces your retirement savings and is subject to tax, you should always consider taking a loan from the plan instead of a withdrawal to meet your financial needs. Unlike withdrawals, loans must be repaid, and are not taxable (unless you fail to repay them). In some cases, as with hardship withdrawals, you are not allowed to make a withdrawal unless you have also taken out the maximum available plan loan.

Note: The Plan Administrator reserves the right to modify the rules regarding withdrawals at any time, and may further restrict or limit the availability of withdrawals for administrative or other reasons, in its sole discretion. All participants will be advised of any such restrictions, which will apply equally to all employees.

For more information about 401(k) savings plans, read our e-book

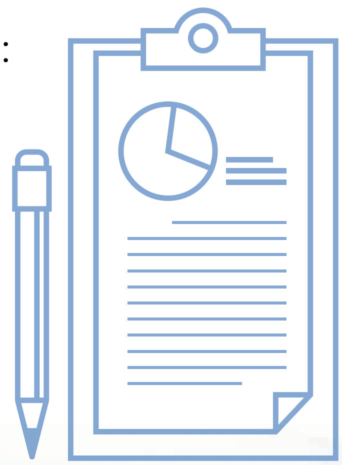
"A Look at 401(k) Plan Fees

Borrowing from your 401(k)

Should you borrow from your 401(k)? Maybe you lose your job, have a serious health emergency, or face some other reason that you need a lot of cash. Banks make you jump through too many hoops for a personal loan, credit cards charge too much interest ... and suddenly, you start looking at your 401(k) account and doing some quick calculations about pushing your retirement off a few years to make up for taking some money out.

It's your money, and you need it now. But take a second to see how this could adversely affect your retirement plans.

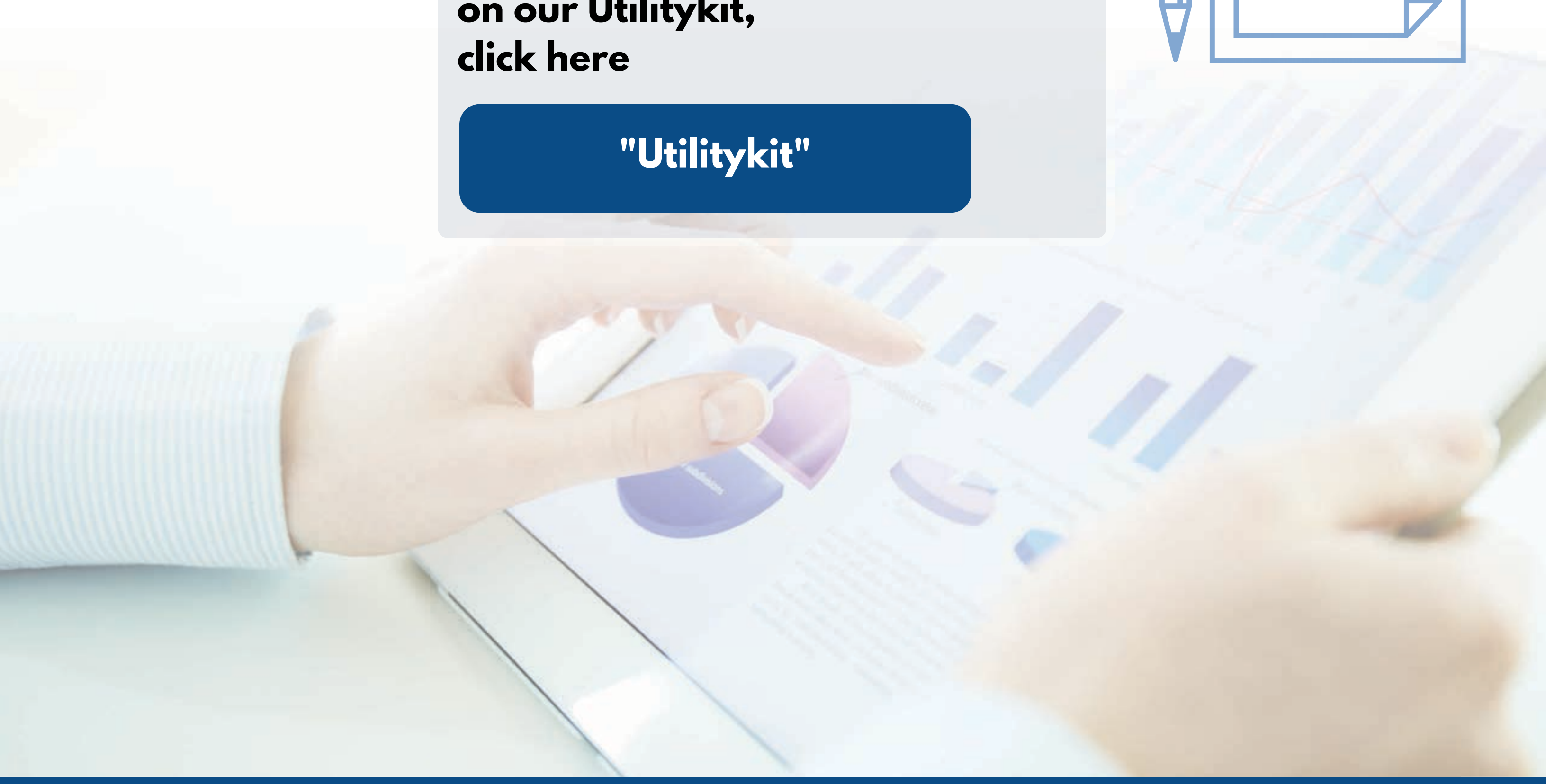
Remember: Borrowing from your 401(k) may result in the following:



- **Losing growth potential on the money you borrowed**
- **Repayment and tax issues, if you leave your employer**

To find more in-depth information on our Utilitykit, click here

"Utilitykit"



Net Unrealized Appreciation (NUA)

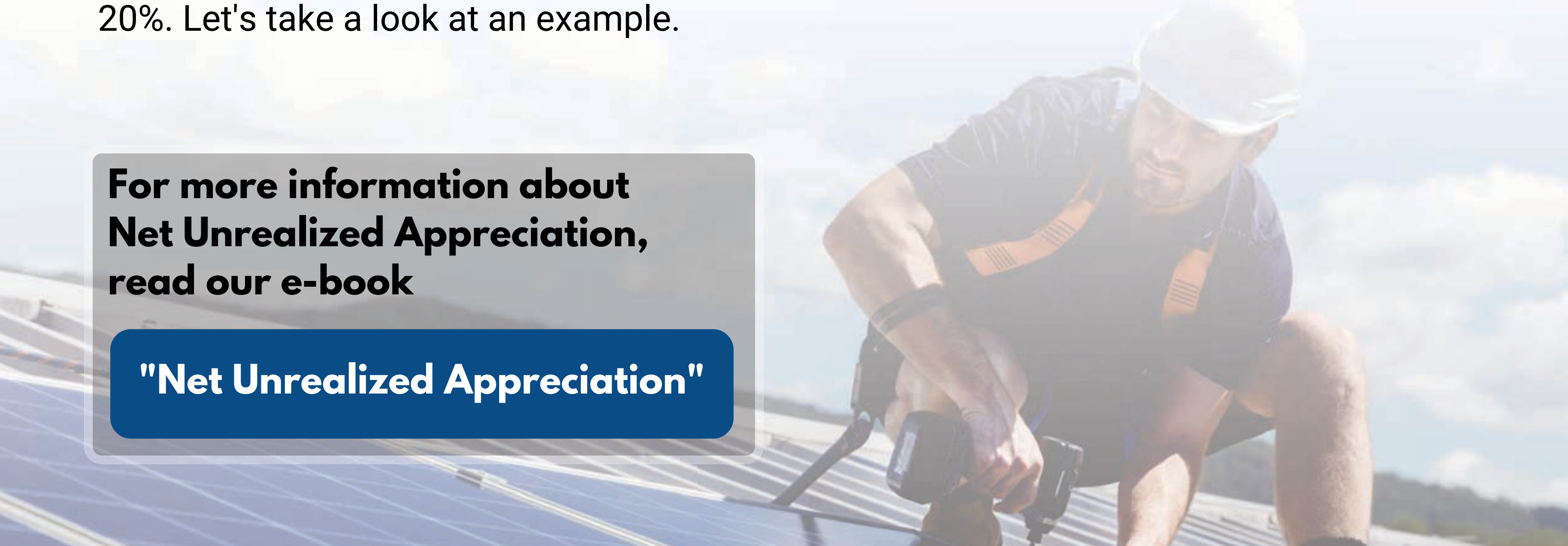
When a Pacific Gas & Electric employee qualifies for a distribution they have three options:

- Roll-over your qualified plan to an IRA and continue deferring taxes
- Take a distribution and pay ordinary income tax on the full amount
- Take advantage of NUA and reap the benefits of a more favorable tax structure on gains.

How does Net Unrealized Appreciation work?

First an employee must be eligible for a distribution from their qualified plan; generally at retirement or age 59 ½, the employee takes a "lump-sum" distribution from the plan, distributing all assets from the plan during a 1 year period. The portion of the plan that is made up of mutual funds and other investments can be rolled into an IRA for further tax deferral. The highly appreciated company stock is then transferred to a non-retirement account.

The tax benefit comes when you transfer the company stock from a tax-deferred account to a taxable account. At this time you apply NUA and you incur an ordinary income tax liability on only the cost basis of your stock. The appreciated value of the stock above its basis is not taxed at the higher ordinary income tax but at the lower long-term capital gains rate, currently 15%. This could mean a potential savings of 20%. Let's take a look at an example.



For more information about Net Unrealized Appreciation, read our e-book

"Net Unrealized Appreciation"

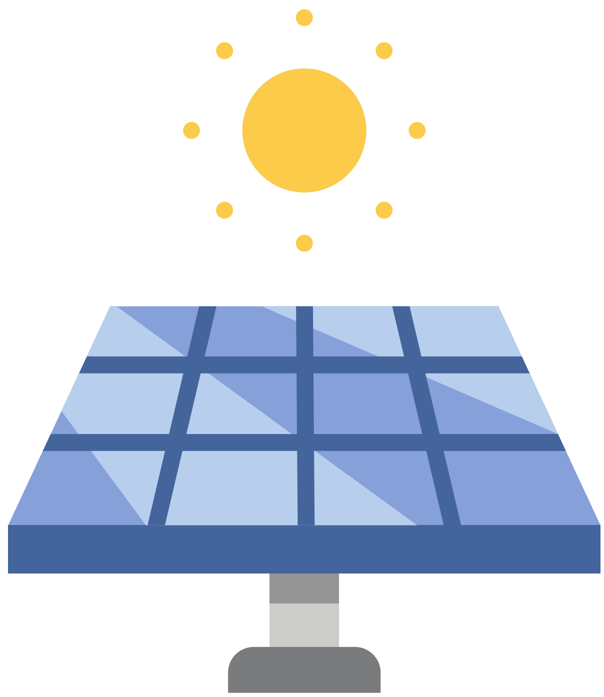
Net Unrealized Appreciation Example

Let's assume the value of Pacific Gas & Electric stock within your account is $500,000. The price you paid for the stock is $75,000. If you roll the entire amount to an IRA you will owe nothing in taxes presently. Over time if you were in the 28% federal tax bracket you will pay $140,000 in taxes for distributions.

If you were to take advantage of NUA you will pay ordinary income tax on the cost basis at the time of distribution. This totals $21,000 in taxes today. The tax on the Net unrealized Appreciation would be 15% of the gain, or $63,750. Your total tax liability is $84,750.

In this example, NUA saved over $20,000 in taxes! A few things to keep in mind:

- Pacific Gas & Electric employees taking a distribution prior to age 59 ½ may be subject to a 10% penalty.
- NUA makes more sense when employees have a low cost basis.
- It is important to take advantage of NUA prior to a rollover. Once you roll retirement assets to an IRA it is too late to take advantage of the potential savings. To qualify, you must be eligible for a lump-sum distribution of your entire qualified account.
- Stock shares must transfer in-kind to a taxable account. This means that the shares must not sell but must move from your qualified account into your new taxable account.



Net Unrealized Appreciation can be used in certain circumstances to save a substantial amount in taxes. Make sure that your consult with your tax and financial professionals to ensure that this is a good fit.

IRA Withdrawal

What is the most efficient way to take my retirement income?

Your retirement assets may consist of several retirement accounts — IRAs, 401(k)s, taxable accounts, and others. You may want to consider meeting your income needs in retirement by first drawing down taxable accounts rather than tax-deferred accounts. This may help your retirement assets last longer as they continue to potentially grow tax deferred. You will also need to plan to take the required minimum distributions (RMDs) from any employer-sponsored retirement plans and traditional or Rollover IRA accounts. That's because the IRS requires that you begin taking distributions from these types of accounts when you reach age 72 as for 2020. If you do not, the IRS may assess a 50% penalty on the amount you should have taken.

Note: New legislation allows individuals who did not turn 70 ½ by the end of 2019 to take RMDs on April 1 of the year in which you turn age 72.

For more information on rollover strategies, read our ebook

"Rollover Strategies for 401(k)s"

Two flexible distribution options for your IRA

When you need to draw on your IRA for income or take your RMDs, you will find two flexible options. Please note that distributions from your IRA are subject to income taxes and may be subject to penalties and other conditions if your are under 59 $\frac{1}{2}$.

- Partial withdrawals: Withdraw any amount from your IRA at any time. If you are age 72 or over, you will have to take at least enough from one or more IRAs to meet your annual RMD.
- Systematic withdrawal plans: Structure regular, automatic withdrawals from your IRA; choose the amount and frequency to meet your retirement income needs. If you are under age 59 $\frac{1}{2}$, you may be subject to a 10% early withdrawal penalty unless your withdrawal plan meets Code Section 72(t) rules discussed[20].

Note: New legislation allows individuals who did not turn 70 $\frac{1}{2}$ by the end of 2019 to take RMDs on April 1 of the year in which you turn age 72.

Your tax advisor can help you understand distribution options, determine RMD requirements, calculate RMDs, and set up a systematic withdrawal plan.

Neither FSC nor its representatives provide tax or legal advice. Please consult your attorney or tax advisor for answers to your specific questions. Remember, The Retirement Group is not affiliated with PG&E.

PG&E Benefits Annual Enrollment

As stated in your PG&E SPD (4), Annual enrollment for your PG&E benefits usually occurs each fall (Ex. Oct. 24 - Nov. 15, 2019.). Before it begins, you will be mailed enrollment materials and an upfront confirmation statement reflecting your benefit coverage to the address on file. You'll find enrollment instructions and information about your benefit options and contribution amounts. You will have the option to keep the benefit coverage shown on your upfront confirmation statement or select benefits that better support your needs. You can choose to enroll in eBenefits and receive this information via email instead.

Next Step:

- Watch for your annual enrollment information in the September/November time frame.
- Review your benefits information and utilize the tools and resources available on the PG&E Benefits Center website.
- Enroll in eBenefits.

Things to keep in mind :

- 47% of Americans cite health care as their greatest economic concern.(27)
- Medical bills are the No. 1 cause of bankruptcy in the United States. (28)
- For older Americans, healthcare costs represent the second-largest expense, behind housing.(29)

Source: PG&E SPD (4)

Elected Benefits

Retiree Medical Coverage*— If you're eligible

- Coverage you can elect.
- A separate packet will be mailed to you with an enrollment form and details about your options.

Retirement service award**

- A gift you can order within six months of your retirement date at no cost to you.
- A separate packet will be mailed to you with gift options and a gold card giving you access to PG&E facilities and group discounts.

COBRA***

At your own expense, you can elect COBRA to continue:

• Dental, vision, EAP and medical coverage for you and your eligible dependents—for 18 months after you retire.

• Health Care FSA contributions on an after-tax basis through the end of the calendar year—if you're enrolled in the FSA when you retire A separate packet will be mailed to you with costs and forms.

Source: PG&E SPD (4)

Automatic Benefits

Post-retirement life insurance*

- Automatically provided at no cost to you.
- A separate packet will be mailed to you with information about your coverage.

Unused vacation

- Cash payout in your final pre-retirement paycheck of earned and unused vacation, Paid Time Off, floating holidays and service anniversary vacation.
- To avoid having disproportionately high taxes withheld from your final check, ask your supervisor if you can "vacation out" and retire at a later date.

Unused Health Account Credits*

- If you're eligible for PG&E-sponsored retiree medical coverage and you have unused Health Account credits, you can continue to use them—even if you don't enroll in a PG&E-sponsored retiree medical plan.

Retiree utility discount

- If you retire from the utility, you'll continue to get a 25% discount on utility rates as long as you live within PG&E's service territory and you have a PG&E account in your name.

Short-Term & Long-Term Disability
Short-Term: Depending on where you work, you may have access to short-term disability (STD) benefits.

Long-Term: Your long-term disability (LTD) benefits are designed to provide you with income if you are absent from work for six consecutive months or longer due to an eligible illness or injury.

What Happens If Your Employment Ends

Your life insurance coverage and any optional coverage you purchase for your spouse/domestic partner and/or children ends on the date your employment ends, unless your employment ends due to disability. If you die within 31 days of your termination date, benefits are paid to your beneficiary for your basic life insurance, as well as any additional life insurance coverage you elected.

Note:

- You may have the option to convert your life insurance to an individual policy or elect portability on any optional coverage.
- If you stop paying supplementary contributions, your coverage will end.
- If you are at least 65 and you pay for supplemental life insurance, you should receive information in the mail from the insurance company that explains your options.
- Make sure to update your beneficiaries. See the SPD(4) for more details.

PG&E Beneficiary Designations

As part of your retirement and estate planning, it's important to name someone to receive the proceeds of your benefits programs in the event of your death. That's how PG&E will know whom to send your final compensation and benefits. This can include life insurance payouts and any pension or savings balances you may have.

Next Step:
When you retire, make sure that you update your beneficiaries. PG&E has an Online Beneficiary Designation form for life events such as death, marriage, divorce, child birth, adoptions, etc.

If you aren't sure about finances after a job loss, read our e-book

"How to Survive Financially after a Job Loss

Social Security

Identifying optimal ways to claim Social Security is essential to your retirement income planning. For many retirees, understanding and claiming Social Security can be difficult. Social Security benefits are not designed to be the sole source of your retirement income, but rather a part of your overall withdrawal strategy. Knowing the foundation of Social Security and using this knowledge to your advantage can help you claim your maximum benefit.

Year of Birth	Full Retirement Age
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960+	67

It is your responsibility to enroll in Medicare parts A and B when you first become eligible — and you must stay enrolled to have coverage for Medicare-eligible expenses. This applies to your Medicare eligible dependents as well.

You should know how your retiree medical plan choices or Medicare eligibility impact your plan options. Before you retire, click on our e-book "*Social Security*" (11) for more information , contact the U.S. Social Security Administration directly at (800) 772-1213, call your local Social Security Office or visit ssa.gov. They can help determine your eligibility, get you and/or your eligible dependents enrolled in Medicare or provide you with other government program information.

For more information on social security, read our e-book

"Social Security"

Next Step:

Check the status of your Social Security benefits before you retire. Contact the U.S. Social Security Administration by calling 800-772-1213. You can also call your local Social Security office or visit ssa.gov. Also review The Retirement Group e-book on *Social Security*(11).

Social Security: Medicare

If you or your dependents are currently or will become eligible for Medicare after you leave PG&E, Medicare generally becomes the primary coverage for you or any of your dependents as soon as the individual becomes eligible for Medicare. This will affect your company-provided medical benefits. You and your Medicare-eligible dependents must enroll in Medicare Parts A and B when you first become eligible. Medical and MH/SA benefits payable under the company-sponsored plan will be reduced by the amounts Medicare Parts A and B would have paid whether you actually enroll in them or not. For details on coordination of benefits, refer to your summary plan description (SPD)(4).

If you or your eligible dependent do not enroll in Medicare Parts A and B, your provider can bill you for the amounts that are not paid by Medicare or your PG&E medical plan, making your out-of-pocket expenses significantly higher.

According to the Employee Benefit Research Institute (EBRI), Medicare will only cover about 60% of an individual's medical expenses. This means a 65-year-old couple, with average prescription-drug expenses for their age, will need $259,000 in savings to have a 90% chance of covering their healthcare expenses. A single male will need $124,000 and a single female, thanks to her longer life expectancy, will need $140,000.

Projected annual Medicare costs for an individual: Part B and Part D premiums[13] >

Year	Age	Part B	Part D	Annual B+D
2020	65	$1,725	$871	$2,596
2030	75	$3,238	$1,636	$4,874
2040	85	$6,078	$3,070	$9,148

Next Step:

Get Medicare prescription drug information by visiting medicare.gov.

Check your SPD Summary(4) to see if you're eligible to enroll in Medicare Parts A and B (4). If you become Medicare eligible for reasons other than age, you must contact the PG&E Benefits Center about your status.

How we can help:	Time to Retirement		
	Several Years	2 Years or Less	In Retirement
Familiarize you with individual healthcare plans	✓	✓	✓
Estimate your healthcare costs in retirement	✓	✓	✓
Design an overall retirement plan for you	✓	✓	✓
Incorporate healthcare costs into your plan	✓	✓	✓
Manage your plan to help you achieve your goals	✓	✓	✓
Explain the basics of Medicare		✓	✓
Familiarize you with the Medicare enrollment process			✓
Help you avoid coverage delays and possible penalties			✓

Divorced or Divorcing?

Are you divorced or in the process of divorcing? Your former spouse(s) may have an interest in a portion of your PG&E retirement benefits.

“Happily ever after” and “until death do us part” won’t happen for 28% of couples over the age of 50.3. Most couples saved together for decades, assuming they would retire together. After a divorce, they face the expenses of a pre-or post-retirement life, but with half their savings.(33)

What's required?

Before you can start your pension—and for each former spouse who may have an interest—you’ll need to provide PG&E with the following documentation:

- A copy of the court-filed Judgment of Dissolution or Judgment of Divorce along with any Marital Settlement Agreement (MSA)
- A copy of the court-filed Qualified Domestic Relations Order (QDRO)

You’ll need to submit this documentation to the PG&E online Pension Center regardless of how old the divorce or how short the marriage.

IMPORTANT: If you don’t provide PG&E with the required documentation, your pension benefit could be delayed or suspended.

For more information on strategies for divorce individuals(20), read our e-book

"Strategies for Divorced Individuals"

Divorced or Divorcing?

You can apply for a divorced spouse's benefit if the following criteria are met:

- You are at least 62 years of age
- You were married for at least 10 years prior to the divorce
- You are currently unmarried
- Your ex-spouse is entitled to Social Security benefits
- Your own Social Security benefit amount is less than your spousal benefit amount, which is equal to one-half of what your ex's full benefit amount would be if claimed at Full Retirement Age (FRA)

Unlike with a married couple, your ex-spouse doesn't have to have filed for Social Security before you can apply for your divorced spouse's benefit, but this only applies if you've been divorced for at least two years and your ex is at least 62 years of age. If the divorce was less than two years ago, your ex must already be receiving benefits before you can file as a divorced spouse.

Divorce doesn't even disqualify you from survivor benefits. You can claim a divorced spouse's survivor benefit if the following are true:

- Your ex-spouse is deceased
- You are at least 60 years of age
- You were married for at least 10 years prior to the divorce
- You are single (or you remarried after age 60)

In the process of divorcing?

If your divorce isn't final before your retirement date, you're still considered married. You have two options:

- Retire before your divorce is final and elect a joint pension of at least 50% with your spouse—or get your spouse's signed, notarized consent to a different election.
- Delay your retirement until after your divorce is final and you can provide the required divorce documentation

Survivor Checklist

What your survivor needs to do

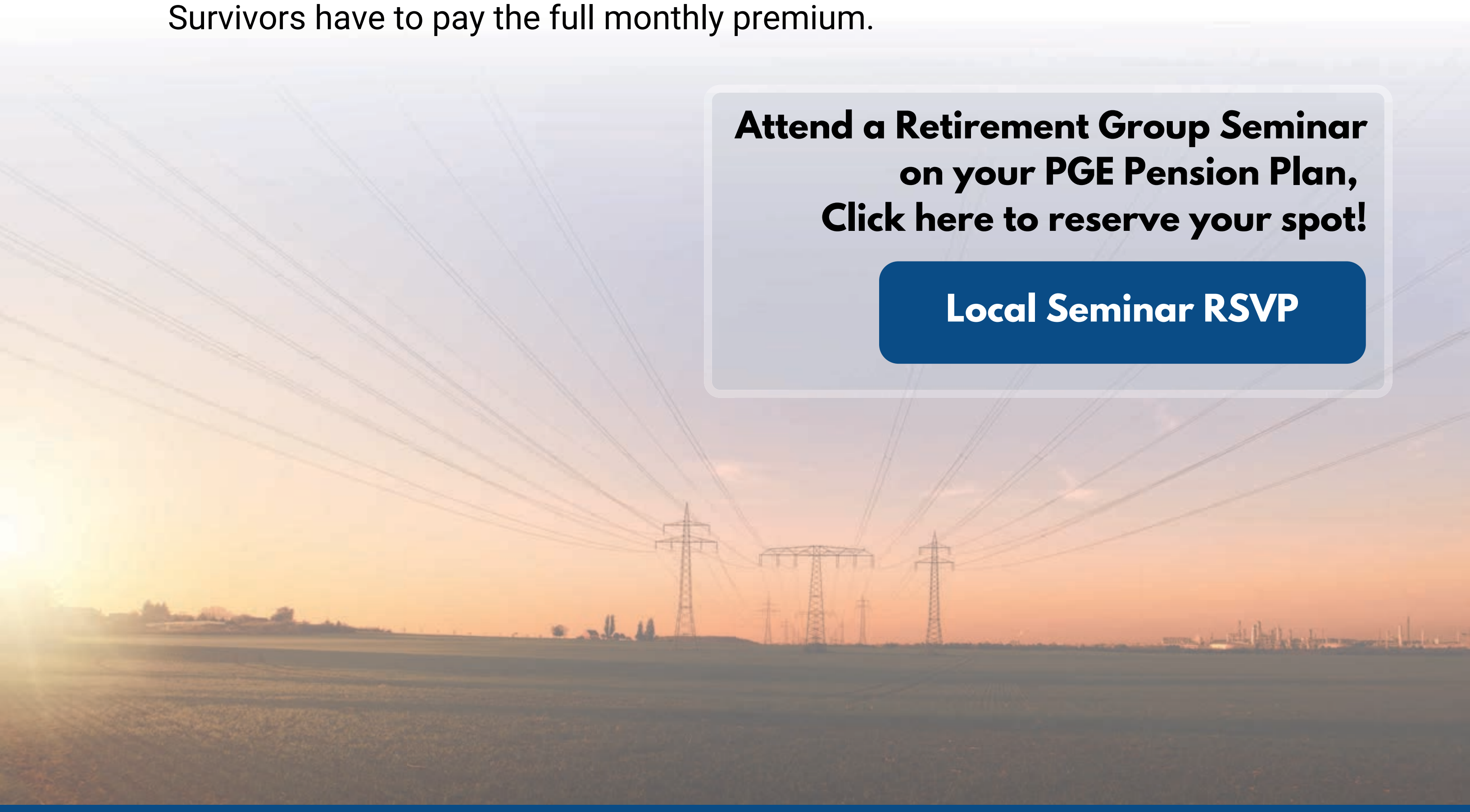
- Report your death. Your spouse, a family member or even a friend should call the PG&E Benefits Service Center as soon as possible to report your death.
- Collect life insurance benefits. Your spouse or other named beneficiary will need to call the PG&E Benefits Service Center to collect life insurance benefits.

If you have a joint pension

- Start the joint pension payments. The joint pension is not automatic. Your joint pensioner will need to complete and return the paperwork from the PG&E Pension Call Center to start receiving joint pension payments.
- Be prepared financially to cover living expenses. Your spouse will need to be prepared with enough savings to bridge at least one month between the end of your pension payments and the beginning of his or her own pension payments.

If your survivor has medical coverage through PG&E

- Decide whether to keep medical coverage.
- If your survivor is enrolled as a dependent in PG&E-sponsored retiree medical coverage when you die, he or she needs to decide whether to keep it. Survivors have to pay the full monthly premium.



Attend a Retirement Group Seminar on your PGE Pension Plan, Click here to reserve your spot!

Local Seminar RSVP

Life after PG&E -- Why would I work?

FINANCIALLY: BENEFITS OF WORKING

Make up for Decreased Value of Savings or Investments.
Low interest rates have made it harder to generate portfolio income. Some people continue to work to make up for poor performance of their savings and investments.

Maybe you took a PG&E offer & left earlier than you wanted and less retirement savings than you needed.
Instead of drawing down savings, some decide to work a little longer to pay for extras you've always denied yourself in the past. See our e-book "*Early Retirement Offers*" (9) for more information.

Meet Financial Requirements of day-to-day living.
Expenses can increase during retirement and working can be a logical and effective solution to this problem.

Keep Insurance or Benefits
You may choose to continue working in order to keep your insurance or other benefits. Many employers offer free to low cost health insurance, for part-time workers.

EMOTIONALLY: BENEFITS OF WORKING

Staying Active and Involved
Retaining employment, even if it's just part-time, can be a great way to use the skills you've worked so hard to build over the years and keep up with friends and colleagues.

Enjoy Yourself at Work.
Just because the government has set a retirement age with its Social Security program doesn't mean you have to schedule your own life in such a manner. Many people genuinely enjoy their employment and continue working because their jobs enrich their lives.

A New Job Opportunity comes along.
You might find yourself with very tempting job opportunities at a time when you thought you'd be withdrawing from the workforce.

Notes: Assumes assets are 60% in stocks and 40% in bonds and withdrawals increase each year with inflation. Source: David Blanchett, Morningstar

Sources

(1) "National Compensation Survey: Employee Benefits in the United States, March 2019," Bureau of Labor Statistics, U.S. Department of Labor.

(2) "Generating Income That Will Last throughout Retirement." Fidelity, 22 Jan. 2019, www.fidelity.com/viewpoints/retirement/income-that-can-last-lifetime.

(3) "Retirement Plans-Benefits & Savings." U.S. Department of Labor, 2019, www.dol.gov/general/topic/retirement.

(4) PG&E Summary Plan Description, 2017

(5) https://seekingalpha.com/article/4268237-order-withdrawals-retirement-assets

(6) https://www.aon.com/empowerresults/ensuring-retirees-get-health-care-need/

(7) *8 Tenets when picking a Mutual Fund* e-book

(8) *Determining Cash Flow Need in Retirement* e-book

(9) *Early Retirement Offers* e-book

(10) *Social Security* e-book

(11) *Rising Interest Rates* e-book

(12) *Closing The Retirement Gap* e-book

(13) *Rollover Strategies for 401(k)s* e-book

(14) *How to Survive Financially After a Job Loss* e-book

(15) *Financial PTSD* e-book

(16) *UtilityKit*

(17) *What has Worked in Investing* e-book

(18) *Retirement Income Planning for ages 50-65* e-book

(19) IRS 72(t) code: https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-tax-on-early-distributions

(20) *Strategies for Divorced Individuals* e-book

(21) *Local Seminar*

(22) Missing out: How much employer 401(k) matching contributions do employees leave on the table?

(23) Rethinking 401(k) Participant Education, Charles Schwab, 2013

(24) Help in Defined Contribution Plans: 2006-2012, TRG, May 2014

(25) Bridging the Gap Between 401(k) Sponsors and Participants, Charles Schwab, 2014

(26) IMCA Research Quarterly, Retail Investor Attitudes, Advice Preferences, and Product Ownership, Q3 2014

(27) NerdWallet, NerdWallet Health Finds Medical Bankruptcy Accounts for Majority of Personal Bankruptcies, March 26, 2014

(28) Employee Benefit Research Institute, Notes, September 2014 - Vol. 35, No. 6

(29) Employee Benefit Research Institute, Notes, October 2015 – Vol. 36. No.10

(30) Jester Financial Technologies, Worksheet Detail - Health Care Expense Schedule

(31) Social Security Administration. Benefits Planner: Income Taxes and Your Social Security Benefits. Social Security Administration. Retrieved October11, 2016 from https://www.ssa.gov/planners/taxes.html

(32) Pew Social Trends, The Sandwich Generation: Rising Financial Burdens for Middle-Aged Americans, January 30, 2013

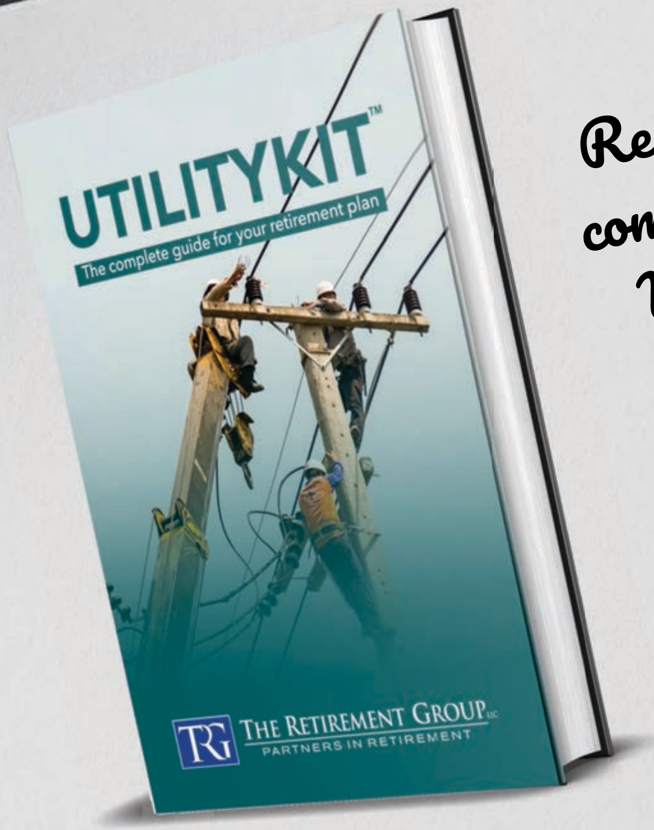
For more resources

North-West Regional Office
2603 Camino Ramon
(Bishop Ranch 3)
San Ramon, CA 94583
Phone: 1-800-900-5867

Mid-Atlantic Regional Office
933 Pickering Drive
Yardley, PA 19067
Phone: 1-281-241-9886

Mid-West Regional Office
10733 Sunset Office Drive
Suite 225
St. Louis, MO
Phone: 1-314-858-9090

South-West Regional Office
1980 Post Oak Blvd.
Suite #1500
Houston, TX 77056
Phone: 1-281-241-9886



Request your complimentary UtilityKit