THE RETIREMENT GROUP LLC
PARTNERS IN RETIREMENT

Retirement Guide For Royal Dutch Shell Employees

Updated For 2020

Disclaimer: RDS is not affiliated with The Retirement Group or FSC Securities Corporation

Introduction

The Retirement Group was founded with the goal of assisting our Royal Dutch Shell (RDS) 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 RDS 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 is vital to successfully make prudent decisions concerning one's financial future.

Learn more by visiting:

www.theretirementgroup.com

As you transition from RDS, 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 RDS 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 RDS Summary Plan Description for a full description[4].

Disclosure: The Retirement Group is not affiliated with RDS.

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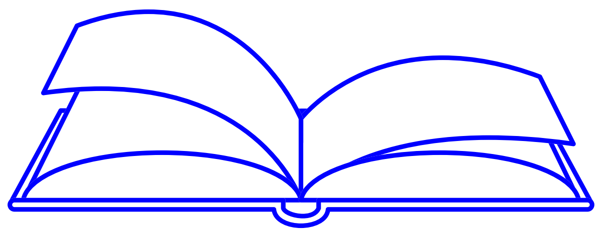
Stages of Retirement

This specially 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 RDS 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 RDS Benefits Center and request the applicable SPDs(4). This is a summary of steps to take before and after leaving RDS. 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 RDS 401(k) contributions.

Stages of Retirement

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 RDS 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.

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Whether you're changing jobs or retiring from RDS, 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 RDS 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

Eligibility, Enrollment, and Vesting

As an employee, you are automatically enrolled in the SPP. Employees vest in SPP benefits upon completion of 2 years, 3 months, and 1 day of vesting service, or upon reaching normal retirement age, whichever is earlier.

If you cease to be an employee before you have enough vesting service to become vested, you will not receive a pension benefit from the SPP unless you subsequently earn sufficient vesting service via reemployment, service with an affiliated company, or service as a leased employee.

Contributions

Contributions to the SPP are made solely by the participating companies. There is no cost to you.

Calculating Your Pension Benefit

There are two primary pension benefit formulas:

- The Accumulated Percentage Formula (APF), for employees hired or rehired after December 31, 2012
- The 80-Point Formula

Employees hired before January 1, 2013 can choose the pension formula under which they will earn future pension *accredited service*. By default, your prior formula choice will be carried over to the next calendar year, but you can change your pension formula by contacting the *SBSC*. The new formula will start to apply with the next calendar year.

If you have accredited service under both the APF and the 80-Point Formula, your benefit under each formula will be determined and paid separately.

The Accumulated Percentage Formula (APF)

As the name implies, the APF allows you to accumulate percentages each year. For each calendar year that you participate in the APF, you receive an annual percentage based on your APF points.

APF points are determined annually using your age on the previous December 31 plus the number of prior calendar years in which you earned any APF Service. APF points correspond to annual percentages, as follows:

ACCUMULATED PERCENTAGE FORMULA TABLE	
APF Points	Annual Percentage[32]
0–29	3%
30–39	4%
40–49	6%
50–59	8%
60–69	10%
70–79	13%
80+	16%

When you terminate, the lump sum value of your APF benefit is determined as the sum of your accumulated annual percentages multiplied by your annualized Average Final Compensation (AFC) using the formula:

Accumulated annual percentages * AFC * 12 = Lump Sum or Annuity Value

When You Can Start Your APF Benefit

You cannot start your APF benefit until you terminate. If you terminate prior to normal retirement age, you can start your benefit right away or defer to as late as normal retirement age. If you defer, your APF benefit will earn interest until you start your benefit. If you terminate on or after normal retirement age, you must start your benefit in the month following your termination. If you start your APF benefit before you reach age 59½ in a form other than an annuity or as a rollover, you will be subject to a 10% penalty.

The 80-Point Formula

Your 80-Point Formula benefit is determined as a monthly annuity payment at normal retirement age using the formula:

(Years of 80-Point Service * 1.6% * AFC) - SSO = monthly annuity

AFC = Average Final Compensation (monthly)
SSO = Social Security Offset

When You Can Start Your 80-Point Formula Benefit

You can start your 80-Point Formula benefit at different times following your termination, based on whether or not you retire with *immediate pension eligibility*. You must start your 80-Point Formula benefit by the later of normal retirement age or the month following your termination. If you do not elect your form of benefit by the later of these two dates, your benefit will be paid in the normal form of benefit.

Note: Your ability to start your 80-Point Formula benefit is independent of your ability to start any APF benefit you may have.

Early Pension

If you retire with immediate pension eligibility prior to normal retirement age by satisfying either 80-Point Eligibility or 70-Point Eligibility, you can start your pension as early as age 50. If you start your pension at age 60 or later, you will receive an unreduced benefit. However, your pension will be reduced if you start earlier than age 60, as shown in the table below.

TABLE 1 – EARLY PENSION FACTORS

If you start your early pension at age[37] …	You receive this percentage of the benefit payable at *normal retirement age*
60+	100%
59	95%
58	90%
57	85%
56	80%
55	75%
54	70%
53	65%
52	60%
51	55%
50	50%

The Early Pension also includes the following important features:

- The Early Pension Factors represent a benefit subsidy (i.e. they are more valuable than an actuarial reduction) and are applied before the SSO reduction.
- The benefit includes the Free 50 (50% survivor benefit) and the Social Security Supplement (estimated Social Security Benefit).

Forms of Payment

Your pension benefits are generally payable in the following forms:

APF:	Lump Sum or Annuity
80-Point Formula:	Annuity

Normal Form of Benefit

The normal form of benefit is the form of payment you will receive unless you timely elect an optional form of payment (or are subject to a cash-out as described below). The SPP's normal form of benefit (regardless of your pension formula) is an annuity, determined based on your marital status on your pension starting date, as follows:

Married:	50% *Joint and Survivor Annuity*, with your spouse as the *beneficiary*
Single:	*Single Life Annuity*

Optional Forms of Payment and Spouse's Consent

In addition to the normal form of benefit, optional forms of payment are available. However, if you are married on your pension starting date, your spouse's consent is required if you elect an optional form of payment that reduces your spouse's benefit or names another beneficiary.

Optional forms of payment include:

- Lump Sum (APF only) – The APF benefit is available in a lump sum. You can roll over all or part of your lump sum to the SPF, another qualified plan, or an IRA.
- Lifetime Annuities (APF and 80-Point Formula) – The SPP offers various types of lifetime annuities, including J&S annuities, which allow you to provide a survivor benefit in the event you pre-decease your beneficiary. You can elect survivor benefits in $10 increments up to 100%. Your lifetime benefit will be reduced to “pay” for the survivor benefit.

	Your Benefit	Your Survivor’s Benefit
50% *J&S Annuity*	$1,000	$500
100% *J&S Annuity*	$900	$900

Cash-Out of Small Benefit

If your benefit is $5,000 or less, your benefit will be distributed as follows:

- Greater than $1,000 and up to $5,000 – automatic rollover to a Fidelity IRA to be established in your name (unless you elect a different destination).
- $1,000 or less – paid to you in a lump sum (unless you elect a rollover).

Disability Pension

The SPP provides the option of a disability pension to those that qualify. To qualify, at termination you must:

- Have 15 years of eligibility service; and
- Be totally and permanently disabled (TPD)

If you qualify, you can select a disability pension in lieu of any other SPP benefit (regardless of pension formula(s)). However, you should compare the disability benefit to any other benefits available to you and select the benefit that works best for you.

Your disability pension will commence following your application and approval (you may also defer your disability pension but not beyond normal retirement age). It is paid as a life annuity, includes the Free 50 (but not the SSO Supplement), and is computed as the lesser of:

25% * Average Final Compensation (AFC) = monthly annuity

OR

(Years of Disability Service * 1.6% * AFC) - SSO = monthly annuity

Disability Pension Example Calculation:
Assumptions:

Eligibility Service at date of TPD	20 years
AFC	$4,000
Disability Service	40 years
SSO (Projected)	$400

Lesser of:

25% * $4,000 = $1,000

OR

(40 * 1.6% * $4,000) - 400 = $2,160

Your *monthly* Disability Pension is $1,000 and includes the Free 50. This means that upon your death, a monthly benefit of $500 will be paid to your beneficiary.

It is possible for your disability pension to be reduced or discontinued, prior to normal retirement age, in the event that you regain part or all of your prior earning capacity or you fail to submit to a requested disability examination. Your disability pension will be suspended in the event you again become an employee. When you later terminate, you will be entitled to SPP benefits in accordance with the general terms described in this SPD, and your future SPP benefits will not be offset on account of your prior disability pension payments.

Your Pension Plan: Payment Options

Forms of Payment

- Single Life Annuity
- Lump Sum
- Life and Term-Certain Annuity
- Joint and Survivor Annuity
- Uniform Income

At this time in the economic cycle there is unbelievable inflation risk. You'll receive no inflation protection if you select the annuity. If you want the security of the monthly benefit, take the annuity and buy a life insurance policy (protection for spouse, children) in order to maximize your pension.

Thinking about what to do with your pension is an important part of planning for your retirement at RDS. Should you take the Lump Sum or Annuity? When should you take it? What is best for you and your family?

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

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

Do you know how much you need in retirement? Click here to read our ebook.

"Determining Cash Flow"

Your Pension Plan

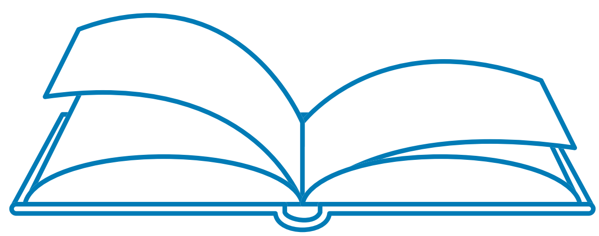
Note: We recommend you read the RDS Summary Plan Description.
The Retirement Group is not affiliated with RDS.

Next Step:

- Determine if you should take the RDS Pension as a Lump Sum or Annuity.
- How do interest rates affect your decision?
- Use the "*EnergyKit*" (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 RDS focused advisor at The Retirement Group and also read the applicable SPD Summary(4) to start your retirement process.
- RDS 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.
- RDS 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 Retirekit, click here

"Energykit"



Lump-Sum vs. Annuity

Retirees who are eligible for a pension are often offered the choice of whether to actually take the pension payments for life, or receive a lump-sum dollar amount for the “equivalent” value of the pension – with the idea that you could then take the money (rolling it over to an IRA), invest it, and generate your own cash flows by taking systematic withdrawals throughout retirement.

The upside of keeping the pension itself is that the payments are guaranteed to continue for life (at least to the extent that the pension plan itself remains in place and solvent and doesn’t default). Thus, whether you live 10, 20, or 30 (or more!) years in retirement, you don’t have to worry about the risk of outliving the money.

By contrast, selecting the lump-sum gives you the potential to invest, earn more growth, and potentially generate even greater retirement cash flow. Additionally, if something happens to you, any unused account balance will be available to a surviving spouse or heirs. However, if you fail to invest the funds for sufficient growth, there’s a danger that the money could run out altogether, and that you may regret not having held onto the pension’s “income for life” guarantee.

Ultimately, though, whether it is really a “risk” to outlive the guaranteed lifetime payments that the pension offers, by taking a lump-sum, depends on what kind of return must be generated on that lump-sum to replicate the payments. After all, if the reality is that it would only take a return of 1% to 2% on that lump sum to create the same pension cash flows for a lifetime, there is little risk that you will outlive the lump-sum even if you withdraw from it for life(10). However, if the pension payments can only be replaced with a higher and much riskier rate of return, there’s also a greater risk those returns won’t manifest and you could run out of money.

For more information on lump sum vs. annuity, read our ebook

"Lump Sum vs. Annuity"

Interest Rates and Life Expectancy

In many defined benefit plans, like the RDS pension plan, current and future retirees are offered a lump-sum payout or a monthly pension benefit. Sometimes these plans have billions of dollars worth of unfunded pension liabilities, and in order to get the liability off the books, they offer a lump-sum.

Depending on life expectancy, the initial lump-sum is typically less money than regular pension payments over a normal retirement time frame. However, most individuals that opt for the lump-sum plan to invest the majority of the proceeds, as most of the funds aren't needed immediately after retirement.

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. Lump sum payouts are typically higher in a low interest rate environment, but be careful because lump sums decrease in a rising interest rate environment.

Additionally, projected pension lump sum benefits for active employees will often decrease as an employee ages and their life expectancy decreases. This is 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 lump-sum over the annuity option on the pension.

For more information on rising interest rates, read our ebook

"Rising Interest Rates"

Eligibility, Enrollment, and Vesting:

- As an employee, you are immediately eligible to make contributions to the SPF. You can enroll by calling the SBSC or going online via NetBenefits.
- On or about the 45th day of employment, new hires and re-hires are automatically enrolled for employee contributions at a 3% base pay pre-tax rate. However, prior to that time, new hires and rehires can opt out of the automatic enrollment by calling the SBSC or going online via NetBenefits and changing their member pre-tax contribution election percentage to 0% (or by electing to contribute at a different rate).
- As an employee, Company contributions to your SPF account will commence automatically after you complete the required length of service.
- You are always 100% vested in your own contributions and Company contributions.

How You and the Company Contribute:

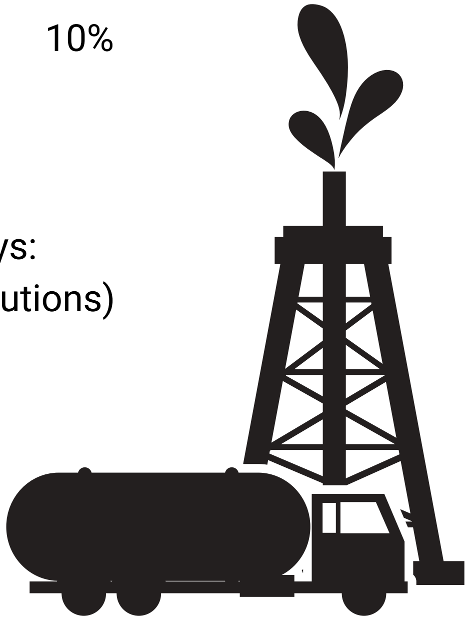
Company Contributions are based on a percentage of your base pay and variable pay, begin and increase automatically in accordance with the following table:

After you complete...	Company contribution is...
1 year of accredited service	2.5%
6 years of accredited service	5%
9 years of accredited service	10%

Your Contributions:

Generally, you may contribute to the SPF in two ways:

- Pre-tax contributions (including catch-up contributions)
- After-tax contributions.



2020 Contribution Limits

Pre-Tax Contributions:

- $19,500 limit

Combined Contributions (Pre-Tax + After-Tax + Company Contributions):

- $57,000 limit if younger than 50
- $63,500 limit if 50 or older

Four Tier Options:

You have four tier options for how to invest the SPF. They are Life Cycle Funds, Core Funds, Fund Window, and BrokerageLink

- LifeCycle Funds (default) = Set target year and fund re-balances for you.
- Core Funds = Employees must do asset allocation themselves, core funds passively track a certain index.
- Fund Window = Variety of mostly actively managed funds to choose from, can buy funds at "institutional pricing".
- BrokerageLink = Can select individual securities, broad range of investment options like a traditional brokerage account.

Taking Loans from the SPF

The SPF is a long-term savings vehicle designed to help you fund your retirement. You are discouraged from taking SPF loans. However, there may be times when you need access to the money in your account. If you are considering a loan, keep the following key information in mind:

- If you take a loan, you must repay the loan with interest.
- Both principal and interest payments go back into your account.
- If you do not repay the loan in full, you may be required to pay income taxes plus a 10% penalty for early withdrawal.
- You can model or apply for a loan by accessing your account via *NetBenefits* or by calling the *SBSC*.

Speak to a TRG advisor to learn how taking out a loan might specifically impact you.

Making Withdrawals From the SPF

For working employees, there is no minimum dollar amount, no limit to the number of withdrawals you can make, and no restriction on the amount of time between withdrawals. The types of withdrawals available to employees are listed below:

- After-Tax Withdrawals
    - You can withdraw up to 100% of your after-tax contributions at any time, without the 10% early withdrawal penalty. A portion of these may be taxable if they are attributed to investment earnings. You can visit *NetBenefits* to see how related tax laws affect your withdrawal.

- Age 59½ Withdrawals
    - Once you reach age 59½, you may withdraw all or part of your account at any time. These withdrawals are subject to applicable income taxes but without the 10% early withdrawal penalty.

- Rollover Withdrawals
    - At any time, you can withdraw amounts that your previously rolled over into the SPF (pre-tax and/or after-tax). These withdrawals are subject to applicable income taxes, plus the 10% early withdrawal penalty on pre-tax rollover withdrawals.

- Hardship Withdrawals
    - Withdrawals of your pre-tax contributions are allowable if you have an immediate financial hardship that you cannot meet through your other financial resources.
    - Hardship withdrawals are subject to applicable income taxes, plus the 10% early withdrawal penalty, and are not eligible to be rolled over.

Discuss with a financial advisor before making an early withdrawal.

Withdrawals after Termination

In general, there is no requirement to withdraw or roll over your SPF account balance when you terminate. You can leave your account balance invested in the SPF and withdraw funds as needed. You may request withdrawals online via *NetBenefits* or by calling the *SBSC*.

Remember, as a former employee, any rollovers from your SPF account to an IRA or qualified plan can be returned to the SPF at a later date, even if you had taken a full distribution of your SPF account. When you decide to take a withdrawal from the SPF, you have several options:

- Variable Payments
  - Request individual withdrawal amounts of any or all of your account balance as needed.

- Systematic Payments
  - Schedule automatic distributions in the amount and frequency of your choice.

- Rollover
  - Request a rollover of all or part of your account balance to an IRA or other qualified plan.

- Single Lump Sum Payment
  - Request a single payment to you for the balance of your entire account.

Speak with a TRG advisor to learn which payment option is best for you.

Your 401(k) Plan

When you retire, if you have balances in your 401(k) plan, you will receive a Participant Distribution Notice in the mail. This notice will show the current value that you are eligible to receive from each plan and explain your distribution options. It will also tell you what you need to do to receive your final distribution. Please call The Retirement Group at (800)-900-5867 for more information and we can get you in front of an RDS focused advisor.

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).
- Use the RDS Online Beneficiary Designation to make updates to your beneficiary designations, if needed.

Note: If you voluntarily terminate your employment from Royal Dutch Shell, 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 at it alone rather than get help can 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 go 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 RDS 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

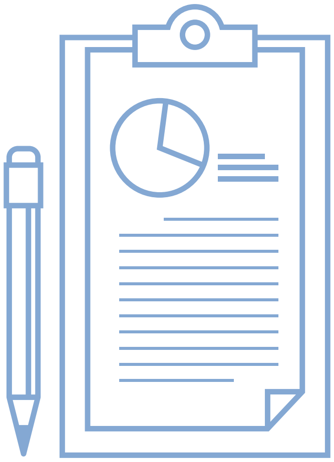
"A Look at 401(k) Plan Fees

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**
- **Losing out on contributions**
- **Repayment and tax issues, if you leave your employer**

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

"Energykit"

Net Unrealized Appreciation Rule

When a Royal Dutch Shell 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 the NUA Rule and reap the benefits of a more favorable tax structure on gains

How does the Net Unrealized Appreciation Rule 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 the NUA Rule 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 over 30%. 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 Royal Dutch Shell 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 24% federal tax bracket you will pay $120,000 in taxes for distributions.

If you were to take advantage of the NUA Rule you will pay ordinary income tax on the cost basis at the time of distribution. This totals $18,000 in taxes today. The tax on the Net unrealized Appreciation would be 15% of the gain, or $63,750. Your total tax liability is $81,750.

In this example the NUA Rule saved nearly $40,000 in taxes! A few things to keep in mind:

- Royal Dutch Shell 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 the NUA Rule 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.

The Net Unrealized Appreciation Rule 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 $^{1}/_{2}$ by the end of 2019 to take RMDs on April 1 of the year in which you turn age 72.

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 $^{1}/_{2}$.

- 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 $^{1}/_{2}$, 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 $^{1}/_{2}$ 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 RDS.

Supplemental Deferred Compensation Savings Plan

The Benefit Restoration Plan (BRP)
Separate from the Shell Provident Fund, Shell also offers the Benefit Restoration Plan. The Benefit Restoration Plan (BRP) is designed to "restore" company contribution benefits which are precluded from the SPF due to various contribution limits. The BRP is a non-qualified, unfunded, deferred compensation plan. Payments into the BRP are made from the company's general assets, are taxable upon receipt, and are not available for rollover.

Investment options available in the BRP generally "mirror" those available in Tiers I, II, and III of the SPF and you provide investment directions separately from those for the SPF. Your distribution options for the BRP are as follows:

- Pre-2005 "Old Money" amounts
  - Payable based on your election prior to termination. If a timely election is not submitted, payment will be made as a lump sum approximately 90 days after termination. Election forms are available via *NetBenefits*.
- Post 2005 "New Money" amounts
  - Paid as a lump sum approximately 90 days following termination, unless a special election was made prior to December 31, 2007.

For more information on the BRP, visit *NetBenefits* or view the Shell SPD.

RDS Benefits Annual Enrollment

As stated in your RDS SPD (4), Annual enrollment for your RDS 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 benefits 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 RDS 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)

BENEFITS INFORMATION

Short-Term & Long-Term Disability

Short-Term: Depending on your plan, you may have access to short-term disability (STD) benefits.

Long-Term: Your plan's 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.

Source: RDS SPD (4)

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.

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

"How to Survive Financially after a Job Loss

RDS 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 RDS 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. RDS has an Online Beneficiary Designation form for life events such as death, marriage, divorce, child birth, adoptions, etc.

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

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.

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 RDS, 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 RDS 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 RDS Benefits Center about your status.

How we can help:	Time to Retirement: Several Years	Time to Retirement: 2 Years or Less	Time to Retirement: 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?

RDS and Divorce

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

“Happily ever after” and “until death do us part” won’t happen for 28% of couples over the age of 50. 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 RDS 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 RDS online Pension Center regardless of how old the divorce or how short the marriage.

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

For more information on strategies for divorce individuals(21), read our e-book

"Strategies for Divorced Individuals"

Divorced or Divorcing?

Social Security and Divorce

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 or lump sum.
- 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 RDS 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 RDS 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 RDS 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 RDS

- Decide whether to keep medical coverage.
- If your survivor is enrolled as a dependent in RDS-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 Webinar on your RDS Pension Plan. Click here to reserve your spot!

Webinar RSVP

Life after RDS-- Why would I work?

FINANCIALLY: BENEFITS OF WORKING

Make up for Decreased Value of Savings or Investments.
Low interest rates have made it great for Lump Sums but 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 RDS offer & left earlier than you wanted with 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

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(9) *Early Retirement Offers* e-book

(10) *Lump Sum vs. Annuity* e-book

(11) *Social Security* e-book

(12) *Rising Interest Rates* e-book

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

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

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

(16) *Financial PTSD* e-book

(17) *EnergyKit*

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For more resources

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