

PROVISIONS OF THE CASH BALANCE PENSION PLAN

Benefits 2000 Employees Cash Balance Pension Plan																			
Pension Formula	<p>At the end of each plan year, the Company credits each employee's account with two types of credits: annual contributions from the Company and interest credits.</p> <p>The annual contribution is based on points equal to each employee's age plus years of service, which translates to a percentage of annual compensation that's added to their account. Employees are vested from their first day of hire.</p> <p>Interest credits equal 6% of their account balance as of the end of the previous plan year.</p> <p>The percentage of pay used to determine the Company's contribution is based on the employee's total service and age points (including years and months) at the end of the calendar year, as follows:</p> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">If Empl Years of Service, Plus Their Age Equals:</th> <th style="text-align: left;">The Co. will Contribute this % of Their Pay to their Acct:</th> </tr> </thead> <tbody> <tr><td>Less than 30</td><td>2.00%</td></tr> <tr><td>30-39</td><td>2.50%</td></tr> <tr><td>40-49</td><td>3.25%</td></tr> <tr><td>50-59</td><td>4.25%</td></tr> <tr><td>60-69</td><td>5.50%</td></tr> <tr><td>70-79</td><td>7.00%</td></tr> <tr><td>80-89</td><td>9.00%</td></tr> <tr><td>90 or more</td><td>12.00%</td></tr> </tbody> </table> <p>NOTE: Plan is a Defined Benefit Plan completely funded by the Company with no employee contributions.</p>	If Empl Years of Service, Plus Their Age Equals:	The Co. will Contribute this % of Their Pay to their Acct:	Less than 30	2.00%	30-39	2.50%	40-49	3.25%	50-59	4.25%	60-69	5.50%	70-79	7.00%	80-89	9.00%	90 or more	12.00%
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Supplemental Pension Benefit	Not Applicable																		
Normal Retirement	Age 65																		
Early Retirement	Eligible for early retirement when age 55 is reached with at least five years of service. No reduction in benefits for early retirement.																		
Deferred Retirement	If an employee chooses to defer payment, their account will continue to increase with annual interest payments, currently 6%.																		
Disability Retirement	<p>If it is determined that an employee is totally and permanently disabled (i.e., they are considered disabled when they are entitled to benefits from a PSEG Company Long Term Disability Plan), they may receive their accrued benefit from the Cash Balance Pension Plan in a lump sum. They may also be eligible to collect benefits from Social Security, but they must apply for those benefits separately.</p> <p>The pension benefit would be an offset to the LTD benefit.</p> <p>For participants who elect an annuity option as a pension, their LTD benefit will be offset by whatever annuity option they select.</p> <p>If a participant doesn't elect a pension benefit, we will calculate what a single life annuity would be for a single person and a 50% Joint and Survivorship option would be for a married person and use that amount as their LTD offset.</p>																		
How the Pension Benefit is Paid	Choosing the right form of payment for a pension benefit is a personal decision. When an employee evaluates their payment options, they will want to consider what type of lifestyle they are planning for retirement and their financial needs to achieve that lifestyle. They also may consider speaking with a tax advisor before making their decision.																		

	When ready to receive their vested balance from the Cash Balance Pension Plan, they will need to contact Benefits Express and should initiate this process at least 60 to 90 days before their retirement date, but no more than 90 days as required by law. They will receive additional info and materials at that time.
Forms of Payment	<p>Employees choose their Pension Plan benefit. They need to consider their beneficiary and the normal forms of payment.</p> <p>Lump-Sum Payment They can receive their accrued benefit in the form of a one-time lump-sum payment. They can either roll the lump sum over to another employer's qualified plan or an Individual Retirement Account (IRA) to avoid current taxation and possible penalties, or they can accept the payment as cash and pay applicable taxes and penalties. If they have a balance less than \$1,000, they will automatically receive a lump-sum payment.</p> <p>50/50 Payment They can elect to receive 50% of their accrued benefit as a lump-sum payment in cash or to be rolled over. The remaining 50% of their accrued benefit is then paid out as any available type of annuity described below. The annuity portion will be paid beginning on the same date that the lump sum is paid. The employee must have a balance greater than \$5,000 to be eligible for this option.</p> <p>Single Life Annuity This form of payment provides payments for the employee's lifetime only; no payments will be continued to a survivor after their death.</p> <p>100% Joint and Survivor Annuity The employee receives a reduced monthly benefit until their death, and then this same amount is paid to their beneficiary after their death. Under this option, their monthly pension amount is adjusted by multiplying the amount they would have received under a Single Life Annuity by a factor based on their age and their beneficiary's age (in complete years).</p> <p>75% Joint and Survivor Annuity The employee receives a reduced monthly benefit until their death, and then 75% of this amount is paid to their beneficiary after their death. Under this option, their monthly pension amount is adjusted by multiplying the amount they would have received under a Single Life Annuity by a factor based on their age and their beneficiary's age (in complete years).</p> <p>50% Joint and Survivor Annuity The employee receives a reduced monthly benefit until their death, and then 50% of this amount is paid to their beneficiary after their death. Under this option, their monthly pension amount is adjusted by multiplying the amount they would have received under a Single Life Annuity by a factor based on their age and their beneficiary's age (in complete years).</p>
Pop Up Feature	If an employee elects a Joint and Survivor Annuity option and their beneficiary dies within five years of their retirement date, their monthly pension benefit will be adjusted and paid as a Single Life Annuity based on the pension benefit they earned. This change will occur on the first of the month following the death of their beneficiary and the increased amount will be paid to them for life.
Payments of Small Amounts	<p>If the total value of a retiree's pension benefit is less than \$1,000 at the time they terminate employment, they will receive an automatic, lump-sum distribution of their benefit. They will receive paperwork allowing them to roll the amount over to another employer's qualified plan or an IRA.</p> <p>If they do not elect a direct rollover, the Plan Trustee must withhold 20% of their distribution for tax purposes.</p>
Thrift or Savings Plan (401k)	<p>Employees will receive information from Benefits Express outlining their payment options. They can choose what to do with their account balance and includes:</p> <ul style="list-style-type: none"> ➤ Leaving their balance invested in the Thrift or Savings Plan (they cannot make any additional contributions) ➤ Electing partial distributions at any time ➤ Annual or quarterly installments over 10 years ➤ Receiving their balance in a lump-sum cash payment ➤ Transferring their balance into another employer's qualified plan ➤ Transferring their balance into an Individual Retirement Account (IRA) <p>All loan balance(s) must be paid off within 60 days of retirement. Otherwise, the loan amount(s) will be deemed a distribution and deducted from the retiree's Thrift/Savings Plan account balance subject to any applicable taxes and early withdrawal penalties.</p> <p>NOTE: If their account balance is less than \$1,000 when they leave PSEG, they will receive an automatic lump-sum distribution of their account balance.</p>

Health & Welfare and Other Benefits in Retirement

Retiree Medical	<p>Active medical coverage ends on the last day of the month in which an employee retires. If their retirement date is the first of the month, coverage ends on the last day of the previous month.</p> <p>Must be a minimum of age 55 with at least 5 years of service in order to be eligible for retiree medical. Medical coverage eligibility ends when retiree and/or dependent(s) become eligible for Medicare due to age or disability, whichever occurs first.</p> <p>Retirees pay 100% of the cost for this coverage (there is no Company subsidy). See separate chart for retiree prices for retiree medical options and premiums. The cost for this coverage will automatically be deducted from the retiree's pension check (if an annuity is elected) as long as it is large enough to support the deduction. Otherwise, retiree will be billed monthly for their premiums.</p> <p>As an option, retirees can continue coverage under COBRA for up to 18 months in lieu of signing up for Retiree coverage. Participants have 60 days from the date they receive information about COBRA to sign up for coverage. Coverage and premiums will be retroactive to when their active coverage ended. If a retiree signs up for COBRA, they will NOT be allowed to have retiree coverage through PSEG later on. Retirees who elect COBRA coverage will be billed monthly for their coverage. A 2% administrative fee is added.</p>
Retiree Dental	<p>Active coverage ends on the last day of the month in which an employee retires. If their retirement date is the first of the month, coverage ends on the last day of the previous month.</p> <p>Retiree dental coverage is not available.</p> <p>Can continue coverage under COBRA for up to 18 months. Participants have 60 days from the date they receive information about COBRA to sign up for coverage. Coverage and premiums will be retroactive to when their active coverage ended. A 2% administrative fee is added.</p>
Group Term Life Insurance	<p>Active coverage ends on the employee's last day of active employment with the Company.</p> <p>Retiree life insurance is not available.</p> <p>Retirees have 30 days to contact the carrier to convert their coverage to an individual policy. They'll receive more information from Benefits Express on converting their coverage. They can also contact MetLife at 1-877-275-6387 for more information on their conversion options.</p>
Long Term Disability (LTD)	<p>When an employee retires, coverage ends.</p>
Long Term Care (LTC)	<p>Coverage ends on the last day of the month in which an employee retires. If their retirement date is the first of the month, coverage ends on the last day of the previous month. When group coverage ends, retiree will be billed directly from the LTC carrier. Coverage continues if they pay the bill, otherwise coverage will be cancelled.</p>
Health Care Reimbursement Account (HCRA)	<p>Pre-tax contributions will stop.</p> <p>Claims can be submitted for expenses incurred through the end of the month of retirement. Claims for the full amount elected can be submitted even if only a portion has been contributed.</p> <p>Retirees have until June 30th of the following year to submit expenses incurred while they were contributing. This may be beneficial when an expense is expected after retirement and an account balance is still available for reimbursement. However, retirees can continue their contributions on an after-tax basis until the end of the year they retire through COBRA. They'll receive a letter from the Plan Administrator with instructions on how to continue participation. A 2% administrative fee is added.</p>
Dependent Day Care Reimbursement Account (DDCA)	<p>Account is closed as of the last day of the month in which employee retires. Participation cannot be continued.</p> <p>Retirees have until June 30th of the following year to submit expenses incurred while they were contributing.</p>

Group Universal Life (GUL) or Group Variable Universal Life Insurance (GVUL)	Upon notification of employee's retirement from the Company, retiree will be sent information from MetLife regarding their options to continue coverage. They can also contact MetLife directly at 1-800-438-6388 if they wish.
Group Legal Plan	Coverage ends on the last day of the month in which employee retires from the Company. If their retirement date is the first of the month, coverage ends on the last day of the previous month. To convert their coverage, they must call ARAG's Customer Care Group at 1-800-247-4184. Retirees have 31 days from their separation with the Company to sign up for their UltimateAdvisor Conversion Plan which is currently \$19.92 month and they can keep it for as long as they want.
Property and Casualty Insurance	<p>Employees can convert their coverage to an individual policy with the group discount staying in effect until the end of the current policy term. When the policy ends, they can continue coverage at individual rates.</p> <p>When they retire, they'll receive information and a bill from the carrier if they had this coverage prior to retirement. If they don't pay the bill, their coverage will automatically be cancelled.</p>
Postretirement Supplemental Health Benefits Plan (VEBA)	<p>Employee contributions stop</p> <p>Retiree will receive information from Benefits Express each year that they have an account balance and can make an annual election on how they want to use the money.</p> <p>They can choose to use their account balance to pay for health care premiums and/or to pay for eligible health care expenses not reimbursed by another plan. There is no time limit within which the account balance must be used.</p>

Every effort has been made to provide you with clear, accurate, understandable information. This summary is based on information in the legal plan documents that govern the separate plans or programs. If there is a difference between the legal documents and this summary, decisions about participation, benefits payable, and the administration of the programs will always be made according to the provisions in the legal documents. Also, where applicable, this is a description of the programs under current law. Because laws are subject to change, the programs also may change. While Public Service Enterprise Group Incorporated intends to continue the programs described in this summary, it reserves the right to end, suspend, or amend any or all of the programs at any time, in whole or in part. Should this happen, you will be notified.

