

PROVISIONS OF THE FINAL AVERAGE PAY (FAP) PENSION PLAN

	Selectline/Choices Employees Final Average Pay Pension Plan
Pension Formula	<p style="text-align: center;">1.3% of employee's annual final average earnings up to \$24,600 Plus 1.5% of annual final average earnings in excess of \$24,600 Times Employee's years (and partial year) of credited service up to 35 years Plus 1.5% of employee's annual final average earnings for each year (and partial year) of credited service in excess of 35 Equals Employee's Annual Pension Benefit</p> <p style="text-align: center;">NOTE: Plan is a Defined Benefit Plan completely funded by the Company with no employee contributions</p>
Supplemental Pension Benefit	The supplemental pension benefit is an additional \$4 for each year of service an employee worked for the Company (partial years are rounded up). This benefit ends the month after the retiree reaches age 65.
Normal Retirement	Age 65
Early Retirement	Eligible when their age plus their years of service equal at least 80 - known as the Rule of 80. If an employee begins to receive their pension benefit before reaching age 60, it will be reduced by 7% per year, prorated for each month that they are under age 60. However, there is no reduction for early retirement under the Rule of 80 if the retiree is at least age 60 or if they retire at age 55 (or older) with at least 25 years of credited service.
Deferred Retirement	If an employee is not eligible for an unreduced benefit at the time of their retirement, they may elect to defer the commencement of their benefit to a future age. Their reduction will be based upon their age at the time of their commencement of benefits. For example, if they retire at age 52 (with at least 28 years of service) and do not want to receive a 56% reduction in their benefit (eight years times 7%), and they elect to begin their benefit at age 58, they would only get a 14% reduction in their benefit (two years times 7%). Their accrued benefit and their credited service remains frozen as of their retirement date regardless of when their monthly benefit commences.
Disability Retirement	<p>If an employee becomes disabled while they are employed, their employment is terminated as a result of that disability, and they have at least five years of credited service, they may be eligible to receive a disability pension. There will be no reduction in their accrued benefit because of their age when pension payments begin. However, the following applies:</p> <p style="margin-left: 40px;">A. If an employee has less than 20 years of service, they must be eligible to collect disability benefits from Social Security to receive a disability pension. The initial determination of disability will be made by an Employer-designated physician and the disability pension will be payable if such physician determines that the employee may be expected to meet the requirements for disability as defined by Social Security law.</p> <p>The employee must apply separately for Social Security disability benefits and be approved for such benefits within 30 months of their first day of termination or their disability pension benefit will be discontinued. Their benefit also will be discontinued if they are denied Social Security disability benefits.</p> <p>If they begin receiving disability pension benefits and are subsequently denied Social Security disability benefits, their disability pension benefits will be discontinued. If they were not eligible to retire at the time their benefit payments began, they will be considered a terminated vested employee. Their terminated vested benefit will not be affected by the amount already paid out as a disability pension.</p>

	<p>B. If the employee has 20 or more years of service, they must have a physical or mental condition which renders them totally incapable of performing any further work for their Employer. Qualification for these benefits is determined by an Employer-designated physician. The above Social Security requirement does not apply.</p>
How the Pension Benefit is Paid	<p>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.</p> <p>When they are ready to receive their vested balance from the Pension Plan, they will need to contact Benefits Express. They 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 information and materials at that time.</p>
Forms of Payment	<p>Employees choose their Pension Plan benefit. They need to consider their beneficiary and the normal forms of payment.</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	<p>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.</p>
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 employee's 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

<p>Retiree Medical</p>	<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>The percentage retirees pay for their coverage is based on their years of service, their final base pay at retirement, and whether they and/or their dependents are eligible for Medicare. They must be pension eligible and be at least age 62 or have at least 30 years of service to receive a Company subsidy or 20 years of service if disabled as determined by an Employer designated physician. If these criteria are not met at the time of retirement, the retiree will pay the full cost of medical coverage (no Company subsidy). See separate charts for retiree prices for retiree medical options and premiums, and a chart which reflects the percent of Medical and Dental Premiums paid by Retirees Retiring on or after January 1, 2009 and one for Retirees Retiring on or after January 1, 2010. The cost for this coverage is automatically deducted from the retiree's pension check.</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>
<p>Retiree Dental</p>	<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 available. See attachment for retiree prices for retiree dental option and premiums. Retiree medical contribution schedule and payment will apply to retiree dental benefits.</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 applies.</p>
<p>Group Term Life Insurance</p>	<p>Retirees, who participated in the group term life insurance coverage as an active employee and wish to be covered under the retiree plan, must enroll in this plan within 31 days of their retirement date. Participation in this plan is not automatic. Coverage takes effect the first of the month following retirement.</p> <p>Retiree life insurance contributions are currently \$.50 per \$1,000 of coverage.</p> <p>The cost for this coverage is automatically deducted from the retiree's pension check.</p>
<p>Long Term Disability (LTD)</p>	<p>Coverage will end for Selectline employees when they retire. Choices employees are not eligible for LTD coverage.</p>
<p>Long Term Care (LTC)</p>	<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>
<p>Health Care Reimbursement Account (HCRA)</p>	<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)	Account is closed as of the last day of the month in which employee retires. Participation cannot be continued. Retirees have until June 30 th of the following year to submit expenses incurred while they were contributing
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	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. 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.
Postretirement Supplemental Health Benefits Plan (VEBA)	Employee contributions stop 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. 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.

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.