



## Updated: HP pension benefit transition notice

August 27, 2021

To: HP Inc. Pension Plan Participants

### Important change to how your HP pension benefit will be paid starting November 1, 2021

**Update:** You recently received a home mailing outlining this transition that was drafted prior to the final insurer selection. Since then, the Prudential insurance company (Prudential) has been identified as the insurer. The following information has been updated to reflect this decision.

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This letter is to inform you about a change regarding your HP Inc. Pension Plan benefits (the Pension Plan). As part of HP's focus on ensuring future benefit payments and managing the overall size of pension obligations, we are transferring the administration and payment obligation of your pension benefit to **Prudential** through the purchase of a group annuity contract.

#### Monthly payment benefit will not change

Beginning with your November 1, 2021 payment, you will receive your monthly pension payments from **Prudential**. **The amount and terms of your benefit will remain the same as your current benefits.**

#### No action required

This change will happen automatically effective November 1, 2021. You are not required to take any action. Payments made to your bank via direct deposit will continue without interruption. You will receive a Welcome Kit from **Prudential** in mid-October, with instructions to set up your online account and information about other tools and resources.

#### For more information

We are deeply committed to HP pension plan participants and want you to have the information and support you need during this transition. While we are taking every measure to make this a seamless experience, we recognize you may have questions. To learn more, please use the following resources:

1. **Frequently Asked Questions** (FAQs) included below
2. **Live customer support** from trained Fidelity representatives at **1-800-457-4015** from 7:30 a.m. to 11:00 p.m. Central Time, Monday through Friday
3. Participant information, including Insurer details, are available by logging in to your Fidelity account at **NetBenefits.com**

Best regards,

Elaine Beddome  
Global Head of Total Rewards

# Frequently Asked Questions

We understand you may have questions related to the annuity purchase for the HP Inc. Pension Plan (the Pension Plan). The following are answers to some commonly asked questions.

Please review this information carefully and contact Fidelity call center at 1-800-457-4015 from 7:30 a.m. to 11:00 p.m. Central Time, Monday through Friday, if you have additional questions.

## What is changing and why?

### 1.1 What is an annuity?

An annuity is a series of payments made over a specific period, such as a fixed period or over the lifetime of one or more individuals. Annuity payments may be made by pension plans or by insurance companies. With this change, your monthly pension annuity payment will move from being paid from the HP Inc. Pension Plan to being paid by **Prudential** instead.

### 1.2. Whose benefits are being included in the annuity purchase?

The group annuity contract covers most eligible retirees, their surviving beneficiaries, and alternate payees receiving monthly pension payments from the Pension Plan that commenced on or before November 1, 2020.

### 1.3. What insurance company has been selected?

**Prudential** was selected by an Independent Fiduciary, whose primary responsibility was to protect Pension Plan participants by conducting a thorough review of many high-quality, financially stable insurance companies.

### 1.4. Do I need to do anything?

No. The transfer of your monthly payments will happen automatically starting November 1, 2021, without any action on your part. You can expect additional information from **Prudential** in the Welcome Kit you'll receive mid-October.

### 1.5 Are other companies completing similar transactions with their pension plans?

Yes. This has become a common approach for pension plans. In fact, over 2,000 U.S. pension plans undertook similar transactions in the last five years.

### 1.6 Why is HP is making this change?

The Pension Plan provides an important source of retirement income for thousands of individuals, and HP is accountable for ensuring that those benefits are available in the future. One way to ensure future benefit payments is to purchase a group annuity contract from a highly rated, financially stable insurance company. By purchasing a group annuity contract, we are moving the responsibility of providing your pension benefit to a company that manages the financial risks associated with annuity payments on a larger scale and as part of their core business.

The annuity purchase also helps HP reduce our long-term pension obligations and related financial volatility and administrative demands, while continuing to meet the needs of our employees, past and present.

# Impact on your monthly payment

## 2.1. Will my monthly payment change?

No. The transfer of your pension payments to **Prudential** will **not** change the amount of your monthly payment. That said, as in the past, the net payment you receive may be subject to change based on the terms of your payment or due to changes in benefits deductions and withholdings.

For example:

- Your tax withholdings could change due to annual changes in tax rates or if you change your withholding instructions. In addition, the tax withholding calculation used by **Prudential** could result in slight differences from the withholding calculation used in the past.
- If you have any garnishments or other legally required deductions from your pension payments, those will continue and may change in the future.

## 2.2. Can Prudential change my monthly payments in the future?

No. The agreement with **Prudential** is an irrevocable commitment to make monthly payments under the same terms you have today under the Pension Plan.

## 2.3. I use direct deposit for my monthly pension payments. Do I need to send my banking information to Prudential?

No. We will securely transfer your banking information so there will be no interruption to your monthly payments.

## 2.4. Will my monthly annuity payment be charged fees by Prudential?

No, you will not be charged fees and you will receive the same monthly payment under the same terms as you have today.

## 2.5. What happens in the event of a death (mine or my spouse's)?

**Prudential** will honor the form of payment you elected when you commenced your benefit, including any survivor benefits.

# About the transition

## 3.1. When will I start receiving monthly payments from Prudential?

Your last monthly payment from the Pension Plan will be the October 1, 2021 payment. Starting November 1, 2021, you will begin receiving payments from **Prudential**, with no interruption to your monthly payments.

## 3.2. Whom do I call if I have questions after the transition occurs?

You can expect to receive additional information in the Welcome Kit in mid-October. This will include contact information for:

- Any questions about your monthly annuity payment,
- Making changes to your address, banking information or tax withholding; or
- Reporting a death or divorce that could affect your monthly payments.

## 3.3. How will this transition affect my taxes?

The transition of your benefit will not affect your taxes. Your annuity payment will be taxed in the same way as your pension payment. Because of the transition, you will receive two Forms 1099-R for 2021 tax-reporting purposes, one each from Fidelity and **Prudential**, reflecting the portion of the year in which they made payments. For 2022 and future tax years you will receive a single Form 1099-R.

# Selection of Prudential

## 4.1. How was Prudential selected?

The fiduciary committee for the Pension Plan hired an Independent Fiduciary with expertise in the annuity provider marketplace to select the new insurance company. The Independent Fiduciary conducted an extensive review of possible annuity providers and considered many factors, including the insurers' financial strength, ratings from other firms that evaluate financial strength of insurers, and the ability of the insurers to provide comprehensive service without disruption to plan participants. The Independent Fiduciary presented and discussed these factors with HP and the fiduciary committee.

## 4.2. Why was an Independent Fiduciary hired to evaluate the insurance companies?

Under federal law governing pension plans, plan fiduciaries are obligated to make plan decisions prudently and for the exclusive benefit of plan participants and beneficiaries. The fiduciary committee for the Pension Plan decided it was best to hire an Independent Fiduciary to conduct an evaluation of the various insurance companies and select an insurer to provide your pension benefits.

## 4.3. Where can I learn about Prudential?

Prudential Retirement delivers retirement plan services and solutions for public, private and non-profit organizations. Prudential Retirement is a business unit of The Prudential Insurance Company of America (PICA), Newark, NJ, a Prudential Financial company. Prudential Financial, Inc., one of the world's largest financial institutions with \$1.730 trillion in assets under management as of June 30, 2021, has one of the most recognized brands in the United States: The Rock®, an icon of strength, stability, expertise and innovation.

With more than 85 years of retirement experience, Prudential Retirement helps meet the needs of 4.9 million participants and annuitants and has \$585.8 billion in retirement assets as of June 30, 2021. Each year they pay more than \$11.9 billion in gross pension benefit payments to annuitants like you. For more information, please visit [www.prudential.com](http://www.prudential.com). More information about the financial strength of PICA can be found at [www.investor.prudential.com](http://www.investor.prudential.com).

# Protection of monthly payments

## 5.1. How is my pension benefit protected today?

While you are receiving pension payments from the Pension Plan, your benefit is guaranteed by the Pension Plan. In the unlikely event of a default by the Pension Plan in meeting pension obligations, your benefit is insured by the Pension Benefit Guaranty Corporation (PBGC). The PBGC is a U.S. government agency that provides protections—up to certain limits—for pension benefits in the event a pension plan can no longer pay benefits. (Learn more about the PBGC at [pbgc.gov](http://pbgc.gov).)

## 5.2. How will my pension benefit be protected after it is transferred to the new insurance company?

Under the group annuity contract the amount of your pension benefit will be guaranteed by **Prudential insurance company**. Insurance companies are heavily regulated to protect the interests of individuals receiving annuity payments. The pension benefits will be held in a separate, dedicated account at **Prudential**. In the highly unlikely event of insolvency of the separate account, **Prudential's** general account provides additional protection. In addition, if the general account becomes insolvent, additional protection is provided by a state guaranty association, with coverage that is subject to certain limits that may vary by your state of residence.

State guaranty associations act as a form of insurance for insurance companies. For more information on state guaranty associations, visit the National Organization of Life & Health Insurance Guaranty Associations at [nolhga.com](http://nolhga.com). Click on *Facts & Figures*, then click on *GA Law Summaries* and scroll through the drop-down menu to select the state for which you would like more information.

## 5.3. What state guaranty association will provide protection for my annuity payment?

In the unlikely case that **Prudential** is unable to pay, where you live at the time generally determines which state guaranty association is responsible. In certain circumstances, other factors, such as where **Prudential** is licensed to do business, determine which state guaranty association is responsible.

## 5.4. How can I assess the financial health of Prudential?

Insurance companies file an annual report that is available on their websites. In addition, you should know that one of the factors considered by the Independent Fiduciary in selecting **Prudential** was its financial health. For more information, please visit [www.prudential.com](http://www.prudential.com). More information about the financial strength of PICA can be found at [www.investor.prudential.com](http://www.investor.prudential.com).