



Your Framework for Retirement

Dear Associate:

The goal of HR Services is to make the process of receiving eligible benefit payments from the Macy's, Inc. Retirement Program as easy as possible after your separation of service from the Company. This guide describes the steps you must complete in order to receive your benefit payments from the Cash Account Pension Plan and the Macy's, Inc. 401(k) Retirement Investment Plan.

Merrill Lynch representatives are available to assist you Monday through Friday, 8 a.m. – 8 p.m. ET, on any day the New York Stock Exchange is open. To reach a representative, please call 1-800-234-MACY (6229) and select option 1.



Macy's, Inc. 401(k) Retirement Investment Plan

How to Request Your Account Distribution

To request your 401(k) Plan account distribution, call HR Services at 1-800-234-MACY (6229) and select option 1 approximately 2-3 weeks following the date of your official separation from the Company. A Merrill Lynch representative will facilitate your paperless account distribution request.

Your Payment Options

You may elect to receive your 401(k) Plan vested account balance in one of the following payment options:

- Lump sum cash
- Lump sum cash and Macy's, Inc. stock
- Purchase an annuity

Please note that if the value of your vested account is greater than \$1,000, you are married and have a portion of your account attributable to the pre-1984 Profit Sharing Plan of Macy's, Inc., your spouse must consent to any form of payment other than a Joint and Survivor annuity which names your spouse as the "survivor." Spousal consent is not needed if the total value of your account is less than \$1,000.

Lump Sum Payment Option

You may elect to have your 401(k) Plan vested account balance paid in a lump sum in one of the following ways:

Paid to you. You may elect to receive a lump sum paid directly to you. The IRS requires that 20% of the taxable portion of your distribution is withheld for federal income taxes.

Paid in a Direct Rollover. You may elect to roll over all or a portion of your eligible vested account, which generally is your entire account balance except your own after-tax contributions, to a qualified Individual Retirement Account (IRA) or another employer qualified plan. No taxes will be withheld from the rollover. If you receive any portion of your account balance in shares of Macy's, Inc. stock, you must verify that the IRA or employer plan accepts stock.

Annuity Payment Option

If you prefer to have your vested account balance paid in the form of an annuity instead of a lump sum, please call **United of Omaha at 1-800-843-2455** to request an estimate of your annuity options and an election form.

You should receive your 401(k) Plan distribution approximately 2-3 weeks following the submission of your distribution request to a Merrill Lynch representative.

If you leave your money in the 401(k) Plan...

If your account balance is \$1,000 or less, you will receive a lump sum.

If your balance is greater than \$1,000, you may leave your money in the Plan. Your account will continue to reflect earnings or losses on your investments in the 401(k) Plan funds that you choose. You will not be eligible to take any Plan loans or make partial withdrawals. You can elect to receive a total distribution at any time.

Cash Account Pension Plan (CAPP)

Your Cash Account Pension Plan

Upon receipt of your election forms, you will find enclosed:

- Benefit Election Form
- Special Tax Notice
- State Tax Summary
- Return Envelope

An Overview of Your Payment Options

The lump sum* option is shown on your election form. If the total value of your CAPP benefit is \$5,000 or greater, monthly annuity options will be provided.

Please note that if the total value of your CAPP benefit is \$5,000 or greater and you are married, your spouse must consent to any form of payment other than a Joint and Survivor annuity that names your spouse as the "survivor." Spousal consent is not needed if the total value of your CAPP benefit is less than \$5,000.

**If your account balance is \$5,000 or less, the vested portion will be distributed to you in a lump sum. If your account balance is greater than \$5,000, you may leave your funds in the Plan until you reach age 65.*

Lump Sum Option

Like the 401(k) Plan, you may elect to have your CAPP benefit paid in the following ways:

Paid to you. You may elect to receive a lump sum paid directly to you. The IRS requires that a percent of the taxable portion of your distribution is withheld for federal income taxes.

Paid in a Direct Rollover. You may elect to roll over your entire account in to a qualified Individual Retirement Account (IRA) or another employer qualified plan.

Automatic Payment

If your election is not received within 60 days of the date printed on your election form and if your CAPP benefit is \$5,000 or less, you could be subject to an Automatic Payment.**

- If your CAPP benefit is greater than \$1,000, but less than or equal to \$5,000, your benefit will be rolled over into a Merrill Lynch account. No taxes will be withheld; however, the rollover will be subject to applicable Merrill Lynch fees.
- If your CAPP balance is \$1,000 or less, a lump sum will be distributed to you, less any applicable taxes.

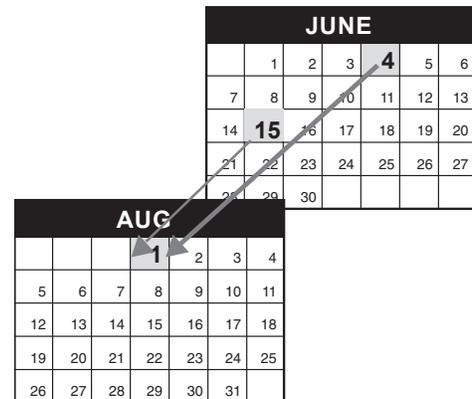
*** Automatic payments will be processed as soon as administratively feasible after the 60-day grace period to submit your election form has lapsed.*

Annuity Option

Annuity options will be provided if the total value of your CAPP benefit is greater than \$5,000. Descriptions of annuity options and the monthly payment amounts are included with your election form. Forms with annuity options expire 180 days from the date printed on the election form.

The mailing address for completed election forms is:

HR Services
P.O. Box 8211
Mason, OH 45040



Payment Timing

Your CAPP benefit will be distributed to you at the beginning of the second month following the month in which your properly completed form is received.

For example, if your form is received at any point in the month of June, your distribution will be issued at the beginning of Aug.

If you leave your money in the Plan...

If your CAPP benefit is \$5,000 or less, you must elect a lump sum distribution or be subject to the terms of Automatic Payment.

If your CAPP benefit is greater than \$5,000 and you are under the age of 65, you may elect to keep your benefit in the Plan until you reach age 65. You must commence your benefit by the later of age 65 or immediately after separation.

The amounts shown on your benefit election form are valued as of the commencement date on the form and are subject to change based on your actual commencement date.



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Macy's version

