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the way we care for you

# 401(k) Plan Auto-Enrollment and Auto-Increase Guide



# Blue Shield 401(k) Auto-Enrollment and Auto-Increase Guide

Helping you plan for your future and your retirement is important to Blue Shield—it's one of the ways we care for you. In October, [Mary O'Hara announced changes to our retirement plans](#) that provide you with flexibility and choice in how you save your money.

We're also rolling out a **401(k) auto-enrollment and auto-increase program**. This guide provides you with a summary of how the program works, what you need to do and when, along with answers to frequently asked questions and sample scenarios. Click the links on the left to go immediately to the section you want to review, or use the arrow icons at the bottom of the screen to move page-by-page through the guide. **You have until March 1, 2016 to opt out of these features.**

*As a general rule, you need at least eight times your base salary at the time of retirement—and the only way to create wealth is to save.* These new auto-enrollment and auto-increase features will help you pave the path to a successful retirement, by giving you a head start with your savings and maximizing your opportunity to receive Blue Shield's company matching contributions. The money you save today will grow many times over by the time you retire, thanks to compounding interest. Putting off saving can be costly, and we want to ensure you effortlessly take full advantage of these retirement planning opportunities.

Blue Shield is committed to meeting the needs of our multi-generational workforce, which is why we're introducing programs and enhancements that help you plan and save for your future at every age.

Thank you,

Evelyn Johnston  
VP, Total Rewards

# What's Happening and When

Blue Shield is introducing auto-enrollment and auto-increase features to our 401(k) plan for all employees. You have until March 1, 2016 to opt out of these features and can change your election at any time.

Here's how it works:

- If you are **not enrolled in our 401(k) plan**, you will be automatically enrolled at a contribution rate equal to 4% of your annual earnings—unless you opt out or make a different election. The 4% contribution rate allows you to take full advantage of the Blue Shield dollar-for-dollar match to your 401(k).
- If you currently participate in the 401(k) but at a **contribution rate lower than 4%**, your contribution will be automatically increased to 4%, to allow you to take full advantage of Blue Shield's company match—unless you opt out or make a different election.
- If you **currently contribute 4%** of your annual earnings or more to your 401(k), your election will continue unchanged.
- Starting March 1, 2017, your 401(k) plan contribution will be increased by 1% each year, up to a maximum of 10% of your annual earnings—unless you opt out or make a different election.
- Beginning January 1, 2016, newly hired employees will be automatically enrolled in the 401(k) plan at a 4% contribution rate, unless they elect otherwise.
- Auto enrollment in the 401(k) plan will take effect on the March 17, 2016 payday.

When you contribute 4% of your annual earnings to the 401(k), you receive the full company matching contribution to your account.



# What You Need to Do

Saving for the future is a responsibility Blue Shield shares with employees. It's one of the ways we care for you. But you're in charge of your future, too—and here are steps you can take to make a plan and stick with it.

**1** Review [How the Plan Works](#) for a refresher on how the 401(k) plan features work

**2** Review the different [Sample Scenarios](#) to see how your 401(k) savings can grow over time through the power of compounding interest

**3** By March 1, elect your 401(k) contribution rate if you don't want to be auto enrolled.

**If you have ever enrolled in the 401(k) Plan (whether you are contributing currently or not), you can change your auto-enrollment contribution online by following these steps:**

1. Log on to [www.fidelity.com/atwork](http://www.fidelity.com/atwork) to get to the Fidelity NetBenefits Home Page
2. Click on "Quick Links" under our 401(k) Plan name
3. From the dropdown box select "Contribution Amount"
4. Click on the link for "Contribution Amount"
5. Choose the percentage of pay you want to contribute each pay period
6. Select zero percent (0%) if you don't want to participate

**If you have never participated in the 401(k) plan, you can select a different contribution rate by following these steps:**

1. Log on to [www.netbenefits.com/atwork](http://www.netbenefits.com/atwork) to get to the Fidelity NetBenefits Home Page
2. Select the "Enroll" link under our 401(k) Plan name
3. Enroll using "EasyEnroll" or "Standard Enrollment" and select a contribution rate (or select 0% if you don't want to participate)

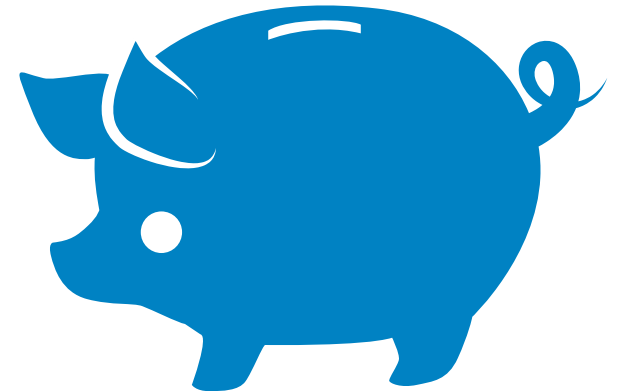


# How the Plan Works

Your Blue Shield 401(k) plan is a key building block for your retirement savings for the future. Here's a refresher on how the plan works.

## Contribute your own money to your 401(k)

- You can contribute your own money to your account (up to 50% of your annual earnings, as allowed by IRS limits — \$18,000 for 2016, plus \$6,000 in catch-up contributions if you're age 50 and above). **If you're not currently participating in the plan, you'll automatically be enrolled to contribute 4% of your annual earnings, effective March 1, 2016.**
- You decide whether you want to contribute pre-tax or make "Roth" contributions to your account with after-tax dollars. Learn more about Roth contributions [here](#). If you're auto enrolled in the plan, your contributions will be made pre-tax.



## Blue Shield matches a portion of your contributions to your account – yes, this is free money!

- Blue Shield adds **free money** to your 401(k) account by matching your contribution dollar-for-dollar on the first 4% of your annual earnings. If you're auto enrolled in the plan, you'll receive the full company match in 2016.
- You're also eligible for the Blue Shield-provided performance-based 401(k) contribution equal to 1% of your annual earnings.

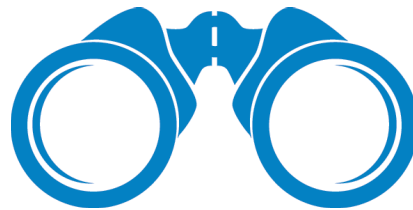


### It's your money

- You own all contributions to your account right away—not just yours, but Blue Shield's matching contributions as well. There is no vesting requirement.
- You decide how to invest your account balance—choose from several investment options that meet your investing style and timeline.

### It's portable

- You can take your money with you if you leave Blue Shield.
- If you leave, you can roll your account over into an Individual Retirement Account or another employer's qualified plan.



### Your benefit is easy to track

See where you stand anytime, anywhere. Fidelity, our 401(k) plan administrator, offers tools that let you estimate how your balance could grow in the future. Go to [www.netbenefits.com](http://www.netbenefits.com) or call Fidelity at 866-715-6170 to learn more.

Depending on the amount you decide to contribute to your 401(k), Blue Shield adds free money to your account through dollar-for-dollar matching company contributions—as well as the new annual performance-based contribution (1%).



## Pre-tax vs. Roth after-tax 401(k) contributions: what's the difference?

With Blue Shield's 401(k) plan, you decide whether you want to make **pre-tax contributions** or **post-tax contributions** to your account. (Post-tax contributions are also known as "Roth" contributions.)

- When you **contribute pre-tax**, your contributions go into your account before taxes are deducted from your paycheck. This may lower your income taxes for the year in which you contribute to the plan, but you'll pay taxes on the money and earnings when you make withdrawals from your account (likely when you're in a lower tax bracket during retirement).
- If you **contribute post-tax (the Roth option)**, your contributions go into your account after taxes are deducted from your paycheck. Under this option, you won't pay taxes on the money when it's paid to you, and your earnings on your contributions are tax-free.

Beginning February 1, 2016, we are introducing a 401(k) "in-plan Roth conversion." This allows you to transfer the pre-tax portion to a Roth account within the same plan. Stay tuned for details from Fidelity on this new feature.

Contributing to your 401(k) on a pre-tax versus post-tax basis is an important decision, and we encourage you to contact Fidelity to discuss what's right for you. Call Fidelity's Planning and Investment Guidance service at 800-642-7131.



# Sample Scenarios

## Don't leave money on the table

Here's a look at the 401(k) plan savings you could accumulate by age 65, thanks to the power of compounding interest. The sooner you start saving, the better. And by contributing at least 4% of your annual earnings, you receive the maximum Blue Shield matching contributions—which really add up to significant savings over time.

All scenarios compare contributions of 2% versus 4% (with 1% annual increases up to 10%). They assume a salary increase of 3% per year and a 6% investment return. They do not include any prior 401(k) account balance or factor in any pension benefit or other sources of retirement income.

- [Scenario 1](#) – Age 25 with a salary of \$45,000
- [Scenario 2](#) – Age 25 with a salary of \$90,000
- [Scenario 3](#) – Age 35 with a salary of \$45,000
- [Scenario 4](#) – Age 35 with a salary of \$90,000
- [Scenario 5](#) – Age 45 with a salary of \$45,000
- [Scenario 6](#) – Age 45 with a salary of \$90,000

## Talk with a Fidelity Financial Planner

We encourage you to meet with a Fidelity financial planner to help you think about your different sources for retirement income. A financial planner will also factor in how long you have until retirement and the ways you can meet your financial commitments today while saving for the future.

Fidelity financial planning is available at no cost to you. Get started with Fidelity at [www.netbenefits.com](http://www.netbenefits.com) or call 1-866-715-6170.





# Meet Mike

Here's what Mike's retirement benefit could be if he takes advantage of the 401(k) auto-enrollment and auto-increase program. Note: since Mike is under 40 as of 12/31/2015, he gets the enhanced 401(k) plan which includes an additional 2% automatic Blue Shield contribution.

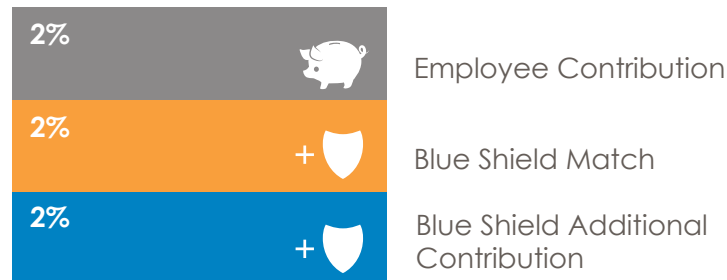


**Age 25**



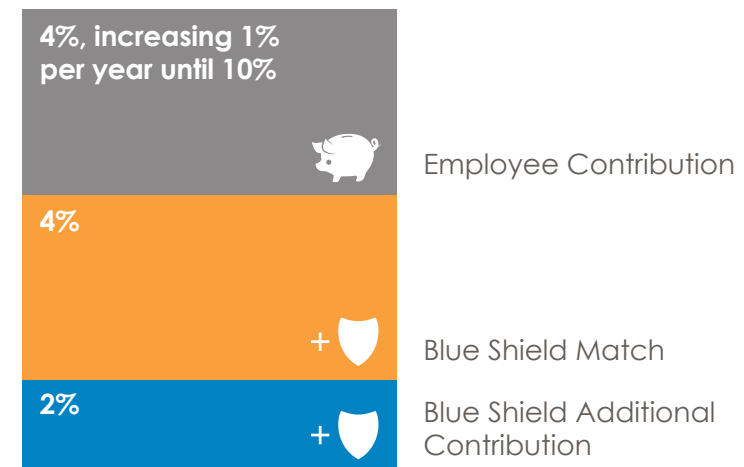
**\$45,000 Salary**

Contributes **2%**



Ending 401(k) Balance at age 65  
**\$644,590**

Contributes **4%**, increasing 1% per year until 10%



Ending 401(k) Balance at age 65  
**\$1,639,208**

Auto enrollment and auto increase boost Mike's 401(k) to more than 2½ times what he would have at age 65 than if he had contributed at a static 2%.

# Meet Lynn

Here's what Lynn's retirement benefit could be if she takes advantage of the 401(k) auto-enrollment and auto-increase program. Note: since Lynn is under 40 as of 12/31/2015, she gets the enhanced 401(k) plan which includes an additional 2% automatic Blue Shield contribution.

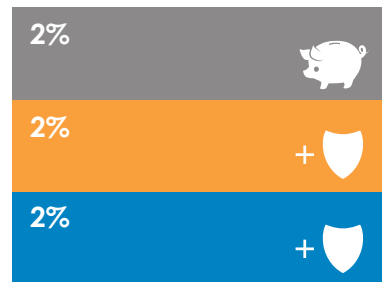


**Age 25**



**\$90,000 Salary**

Contributes **2%**



Employee Contribution

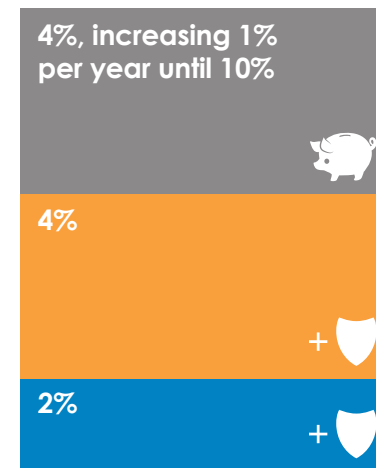
Blue Shield Match

Blue Shield Additional Contribution

Ending 401(k) Balance at age 65

**\$1,289,179**

Contributes **4%**, increasing 1% per year until 10%



Employee Contribution

Blue Shield Match

Blue Shield Additional Contribution

Ending 401(k) Balance at age 65

**\$3,278,416**

Time is on Lynn's side, with auto enrollment and auto increase working to build a healthy 401(k) account balance by age 65—right when she needs it most.

# Meet Rick

Here's what Rick's retirement benefit could be if he takes advantage of the 401(k) auto-enrollment and auto-increase program. Note: since Rick is under 40 as of 12/31/2015, he gets the enhanced 401(k) plan which includes an additional 2% automatic Blue Shield contribution.

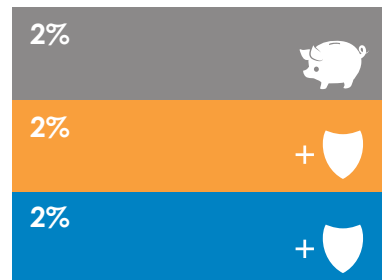


**Age 35**



**\$45,000 Salary**

Contributes **2%**



Employee Contribution

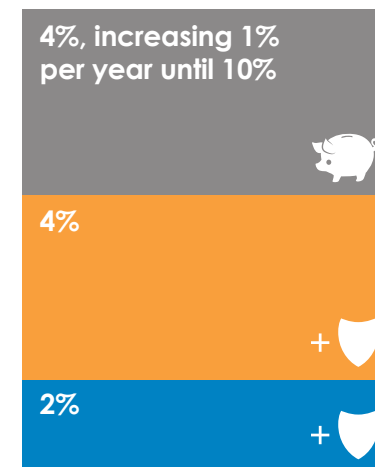
Blue Shield Match

Blue Shield Additional Contribution

Ending 401(k) Balance at age 65

**\$304,343**

Contributes **4%**, increasing 1% per year until 10%



Employee Contribution

Blue Shield Match

Blue Shield Additional Contribution

Ending 401(k) Balance at age 65

**\$766,183**

Rick can more than double his retirement savings by simply contributing enough to his 401(k) to receive the full Blue Shield company match and letting auto increase work in his favor.

# Meet Cassandra

Here's what Cassandra's retirement benefit could be if she takes advantage of the 401(k) auto-enrollment and auto-increase program. Note: since Cassandra is under 40 as of 12/31/2015, she gets the enhanced 401(k) plan which includes an additional 2% automatic Blue Shield contribution.

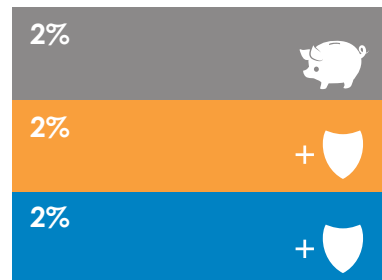


**Age 35**



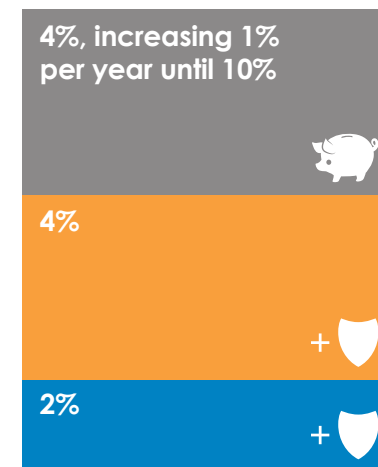
**\$90,000 Salary**

Contributes **2%**



Ending 401(k) Balance at age 65  
**\$608,686**

Contributes **4%**, increasing 1% per year until 10%



Ending 401(k) Balance at age 65  
**\$1,532,366**

With auto enrollment, Cassandra's 401(k) balance benefits from up to 6% of free money from Blue Shield—and there could be an additional 1% each year through the company's performance-based contribution.

# Meet Lorie

Here's what Lorie's retirement benefit could be if she takes advantage of the 401(k) auto-enrollment and auto-increase program.



**Age 45**



**\$45,000 Salary**

Contributes **2%**

Contributes **4%**, increasing 1% per year until 10%

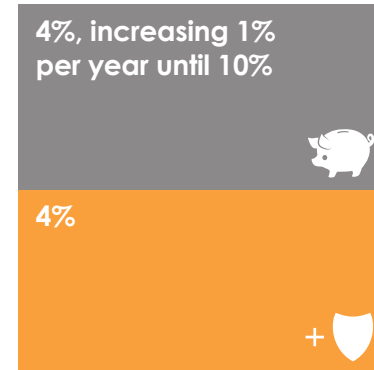


Employee Contribution

Blue Shield Match

Ending 401(k) Balance at age 65

**\$86,547**



Employee Contribution

Blue Shield Match

Ending 401(k) Balance at age 65

**\$274,826**

Lorie can more than triple her 401(k) savings by age 65 through auto enrollment and auto increase, and add it to her Blue Shield pension benefit for a secure future.

# Meet Frank

Here's what Frank's retirement benefit could be if he takes advantage of the 401(k) auto-enrollment and auto-increase program.



**Age 45**



**\$90,000 Salary**

Contributes **2%**

Contributes **4%**, increasing 1% per year until 10%

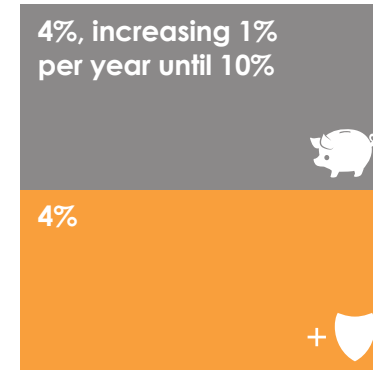


Employee Contribution

Blue Shield Match

Ending 401(k) Balance at age 65

**\$173,093**



Employee Contribution

Blue Shield Match

Ending 401(k) Balance at age 65

**\$549,651**

Frank's 401(k) balance benefits from maximizing the Blue Shield company match and his own contributions, which he can add to his pension benefit for solid retirement savings.



# Frequently Asked Questions

## Give me the headlines – what exactly is changing with the 401(k) plan?

Blue Shield is introducing auto-enrollment and auto-increase features to the 401(k) plan:

- ➊ Around the same time as merit increases, existing employees who are not currently making 401(k) contributions will be automatically enrolled at a contribution rate equal to 4% of their earnings effective March 1, unless they elect otherwise.
- ➋ Existing employees who are currently making 401(k) contributions but whose current election is less than 4% will be automatically increased to a 4% contribution rate effective March 1, unless they elect otherwise.
- ➌ Beginning January 1, 2016, new hires will be automatically enrolled in the 401(k) plan at a 4% contribution rate, unless they elect otherwise.
- ➍ Beginning March 1, 2017, employees' contribution rate to the 401(k) plan will be increased by 1% each year up to a maximum of 10% of their earnings, unless they elect otherwise.

## What is 401(k) auto enrollment / increase?

Auto enrollment means the company automatically enrolls employees in the 401(k) plan at a set contribution rate, unless they elect otherwise.

Auto increase means that the company automatically increases an employee's 401(k) contribution rate each year, up to a certain maximum amount, unless they elect otherwise.

Auto enrollment for existing employees will be effective March 1, 2016, and auto increase will be effective March 1, 2017.

## Why is Blue Shield adding these features to its 401(k) plan?

We are adding these features so every employee is able to receive the maximum company match on their own contributions to the plan (up to 4% of annual earnings).

More importantly, Blue Shield wants to provide you with a process that helps you maximize your retirement savings. You may choose to opt out of your 401(k) plan enrollment and change your 401(k) contribution at any time. If you don't participate in the plan, however, you miss out on the 4% matching contribution from Blue Shield of California; it's like leaving money on the table and missing a valuable opportunity to set aside money for retirement.

The only way to create wealth is to save. The money saved today will have grown many times over by the time you retire, thanks to compounding interest. Putting off saving can be costly, and we want to ensure you effortlessly take full advantage of these retirement planning opportunities.

## When will these new features take effect?

**If you are not currently participating in the 401(k) plan,** you will receive notification from Fidelity in January that you are being auto enrolled in the 401(k) plan at a 4% contribution rate. You will have until March 1 to change your election from 4% to a different contribution rate (either less or more than 4%, or 0% if you do not want to contribute). Specific instructions are described below.

**If you are currently participating in the 401(k) plan but your contribution rate is less than 4%,** you will receive a notification from Fidelity in early January that your contribution rate is being increased to 4%. You will have until March 1 to change your election from 4% to a different contribution rate (either less or more than 4%, or 0% if you do not want to contribute). Specific instructions are described below.

**The automatic contribution rate of 4% will take effect on the March 17 payday.** This contribution rate will continue unless and until you affirmatively elect otherwise. Specific instructions are described below.

Auto enrollment for new hires begins on January 1. Any new hires in 2016 will be automatically enrolled in the 401(k) plan at a 4% contribution rate, unless they elect otherwise.

## What if I don't want to participate in the 401(k) plan or I want my contribution rate to be different than 4%?

You have a right to opt out of participating in the 401(k) plan by electing a contribution rate of 0%. You can also elect to make contributions at a rate different from the 4% auto-enrollment contribution rate.

To make any change to your contribution rate, contact Fidelity at 1-866-715-6170, Monday through Friday, 5 a.m. – 9 p.m. Pacific Time before March 1, 2016.

**You also can change your auto-enrollment contribution rate online by following these steps:**

1. Log on to [www.fidelity.com/atwork](http://www.fidelity.com/atwork) to get to the Fidelity NetBenefits Home Page
2. Click on "Quick Links" under our 401(k) Plan name
3. From the dropdown box select "Contribution Amount"
4. Click on the link for "Contribution Amount"
5. Choose the percentage of pay you want to contribute each pay period
6. Select zero percent (0%) if you don't want to participate

**Follow these steps if you have never participated in the 401(k) plan:**

1. Log on to [www.netbenefits.com/atwork](http://www.netbenefits.com/atwork) to get to the Fidelity NetBenefits Home Page
2. Select the "Enroll" link under our 401(k) Plan name
3. Enroll using "EasyEnroll" or "Standard Enrollment" and select a contribution rate (or select 0% if you don't want to participate)

*If you don't take any action or you don't complete the enrollment process by **1 p.m. Pacific Time on March 1, 2016**, you will be automatically enrolled on the date specified in the enrollment materials you receive from Fidelity, and 401(k) contributions from your paycheck will begin.*

Following March 1, you can still submit an election not to participate, or to participate at a different rate, and this election will be implemented as soon as administratively feasible, ordinarily within 1 to 2 payroll periods.

### Do I have to elect not to participate each year or does my election this year roll over until I change it?

If you opt out of the 4% auto enrollment or change your election, your election will continue into the next year unless you make another change. You will not be asked to opt out of auto enrollment each year.

### What if I'm already contributing 2% to my 401(k) account?

If you are an employee contributing between 1% and 3%, your 401(k) contributions will be automatically increased to 4% of your earnings effective March 1, unless you make another election.

### What if I elected a 0% contribution to the 401(k), or never elected to contribute to the 401(k)?

You will be automatically enrolled at the 4% contribution rate effective March 1.

### What if I miss the deadline of March 1?

If for some reason you don't opt out in time, you can request a return of your automatic contributions, adjusted for gains and losses, within a limited period after your auto-enrollment effective date. This withdrawal will result in the forfeiture of any related company matching contributions. If you elect this withdrawal, you will be treated as also electing to unenroll in the plan and make no further contributions. You may request a return of your automatic contributions by calling Fidelity at 1-866-715-6170 **on or before 1 p.m. Pacific Time on May 30, 2016.**

At any time, you may choose to continue or restart contributions through [www.netbenefits.com/atwork](http://www.netbenefits.com/atwork) (logging in to the Fidelity NetBenefits Home Page) or by calling Fidelity at 1-866-715-6170.

### How do I change my 401(k) contributions?

To change your contribution rate, contact Fidelity at 1-866-715-6170 Monday through Friday, 5 a.m. – 9 p.m. Pacific Time.

Do it online by following these steps:

1. Log on to [www.fidelity.com/atwork](http://www.fidelity.com/atwork) to get to the Fidelity NetBenefits Home Page
2. Click on "Quick Links" under our company name
3. From the dropdown box select "Contribution Amount"
4. Click on the link for "Contribution Amount"
5. Choose the percentage of pay you want to contribute each pay period
6. Select zero percent (0%) if you don't want to participate

Unless you are subject to a suspension of contributions during the six months immediately after a hardship withdrawal, all 401(k) contribution changes are put into effect as soon as the company and Fidelity can reasonably implement your election, ordinarily within 1 to 2 payroll periods.

## How will my automatic 401(k) contributions be invested?

If you do not make an election as to how the Plan should invest your 401(k) contributions and any matching contributions you receive from Blue Shield, the Plan will invest your contributions for you.

Your account will be invested in a qualified default investment alternative. The Plan's default investment alternatives are the T. Rowe Price Retirement Funds.

Your account will be invested in the T. Rowe Price Retirement Fund that best matches your expected retirement year, based on your birth date and assuming a retirement at age 65. There are 12 such funds offered under the Plan, each managed by investment professionals. These funds range from the T. Rowe Price Retirement 2060 Fund, with the longest time horizon until retirement, to the T. Rowe Price Retirement 2005 Fund, designed for participants already retired.

A description of the Plan's investment options, including a general description of the investment objectives, risk and return characteristics of the fund, and the fees and expenses for each fund, are available online at [www.netbenefits.com/atwork](http://www.netbenefits.com/atwork). From the Fidelity NetBenefits Home Page, click on "Quick Links" under the Blue Shield company name. From the dropdown box select "Investment Performance & Research," then click the name of a particular investment fund to bring up the fund's prospectus or fact sheet.

**Note:** If you already have investment elections in place for 401(k) contributions (pre-tax and/or Roth after-tax) and any matching contributions or other company contributions, these elections will continue unless and until you change your investment elections. No default investment will apply.

## Does auto enrollment impact pre-tax or Roth after-tax contributions?

If you are not contributing to the 401(k) plan or your deferral election is less than 4%, then your pre-tax contribution rate will be increased. If you are currently contributing only Roth 401(k) (after-tax) contributions to the Plan, then your Roth 401(k) contribution rate will be increased. (Note that your Roth 401(k) contributions will not be automatically increased if you are making both Roth and pre-tax contributions.)

Remember that if you do not want to take advantage of the automatic contribution increase, you must affirmatively opt out of the increase program or make a 0% contribution election by the date specified in the materials you receive from Fidelity **(your election must be made no later than March 1, 2016)**.

Note that you may make a contribution rate election after March 1, 2016, but it will take effect as soon as administratively feasible, ordinarily within 1 to 2 payroll periods.

## How does the employer “match” work?

Each payroll period, Blue Shield will match your 401(k) contributions at a rate of 100% (dollar-for-dollar) up to the first 4% of your earnings that you contribute to the Plan, whether in the form of employee pre-tax or Roth (after-tax) 401(k) contributions. Contributions above the first 4% of earnings, as well as age 50 catch-up contributions, will not be eligible for safe harbor matching contributions. Blue Shield matching contributions are 100% vested, meaning that the funds are yours to keep once they are contributed to your account.

At the end of the year, the company will review the percentage of compensation you contributed to your 401(k) account over the year and make a “true-up” matching contribution, if necessary, to ensure that you received all of the safe harbor matching contributions to which you are entitled (for example, if you had elected a contribution amount greater than 4% and stopped your contributions mid-year, then you would be owed “true-up” matching contributions at year-end).

Note that if you elect NOT to participate and make no contributions to your 401(k) account, you will not be eligible for Blue Shield’s matching contributions and you are leaving free money behind.

## What is the 401(k) Contribution Limit for 2016?

The limit on your combined employee pre-tax and Roth (after-tax) 401(k) contributions for 2016 is \$18,000. Employees who will turn at least age 50 by the end of 2016 can contribute up to an additional \$6,000.

## How can I take money out of my 401(k)?

Generally, 401(k) contributions and matching contributions may not be withdrawn prior to age 59½ unless you have a severance from your employment or die. However:

- If you have a financial hardship that meets the requirements of the Plan (generally, this is limited to immediate needs related to unreimbursed medical expenses, purchase of a home, prevention of foreclosure, funeral expenses, and payment of college tuition), you may make a withdrawal from your account (except for matching contributions) during employment to satisfy your financial need, subject to certain limitations. Contact Fidelity at 1-866-715-6170 for a copy of the Plan’s financial hardship requirements or refer to the Summary Plan Description.
- If you become disabled and meet the definition of disability as defined in the Plan document, you may withdraw your vested account balance.
- At age 59½, you also may withdraw all or a portion of your vested account balance, including matching contributions, for any reason while you are still employed.
- You may take a loan from your 401(k) account. Contact Fidelity at 1-866-715-6170 to learn more about loans.

### What is the annual auto-increase feature?

Starting in 2017, each year in March, unless you elect otherwise, your 401(k) contribution rate will automatically increase by 1% if your contribution rate is between 1% and 9% (pre-tax and Roth after-tax combined). Your 401(k) contribution rate will increase by 1%, until the 10% cap is met or you opt out of the automatic contribution increase program. If you reach the IRS maximum during the year, your contribution will automatically stop.

If you do not want to take advantage of the automatic contribution increase, you must affirmatively opt out of the increase program or make a 0% deferral election. You will receive additional information from Fidelity in January 2017 on how to opt out or make a 0% deferral election.

### What is Managed Accounts?

For a small advisory fee, you can work directly with a dedicated Fidelity investment professional who will develop an investment strategy that is aligned with your personal goals and monitor your investments, working with you to make adjustments as your life changes.

### What is the fee for Managed Accounts with Fidelity?

The annual advisory fee is based on the amount of assets in your account and will not be more than 0.59% of your average account balance. Note that the advisory fee does not include underlying investment expenses. Starting on February 1, 2016, you may obtain additional information on advisory fees, including a detailed fee schedule, by logging on to [netbenefits.fidelity.com/pas](http://netbenefits.fidelity.com/pas) or by calling 866-811-6041.

### How are incentive payouts impacted by auto enrollment?

Employees can change their 401(k) contribution rate for incentive payouts each year to manage how much money is deducted from their incentive payout and contributed to their 401(k) account. If you are auto enrolled at 4% on March 1st, this will not impact your incentive payout, which will occur on March 10th. If there is a specific 401(k) contribution rate that you would like applied to your incentive payout, instructions for when to make that change in Fidelity's system will be provided to you in February.





# Contacts/Resources

## Fidelity—Your 401(k) Plan Administrator

Fidelity can help you gain a better understanding of your current situation and create goals for your future. Visit Fidelity online at [www.netbenefits.com](http://www.netbenefits.com) or talk with a financial advisor at 1-866-715-6170. Through Fidelity you can:

- ① Enroll in the 401(k) or change your contribution amount
- ① See your current 401(k) balance
- ① Model what you'll need in the future
- ① Build a plan with a financial advisor—schedule a *free* individual planning meeting today, to:
  - See how your goals are tracking against your current situation
  - Consider financial “what-ifs”
  - Understand your investment options
  - Learn and plan for income sources when you retire
- ① Learn more about the Fidelity® Portfolio Advisory Service at Work (“Managed Accounts”) and In-Plan Roth Conversion enhancements coming in February

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*This announcement highlights some of the key features of retirement benefits offered by Blue Shield of California to employees effective January 1, 2016.*

*Actual plan provisions are contained in the plan documents. In the event of any conflict between this announcement or any other written or verbal summary of the new plan and the actual terms of the plan, the specific terms of the plan will govern.*

*Blue Shield of California reserves the right to amend the plans described herein at any time. In the case of a discrepancy between this information and the plan documents, the plan documents shall govern. Neither your receipt of this document nor the statements and assumptions made herein create an explicit or implied contract for or guarantee or promise of continued or future employment with Blue Shield of California.*

**Don't forget Alex,  
your online personal  
benefits advisor!**

Alex is an online tool that can help you better understand the 401(k) plan. Alex is available 24/7 at [www.myalex.com/blueshieldca/2016](http://www.myalex.com/blueshieldca/2016).

