

## **HBC 401(k) Retirement Savings Plan (the “HBC 401(k) Plan”)**

### **Q&A for Plan Participants**

**Q: Why is my current 401(k) plan transitioning to a new plan?**

A: HBC currently sponsors three (3) separate 401(k) Plans – Saks, Lord & Taylor and Gilt – each with slightly different plan provisions. Merging these three plans into one HBC 401(k) plan for all U.S.-based Associates allows us to better present ourselves as a single company – one company, one plan. The new HBC 401(k) Retirement Savings Plan means all US-based Associates will be on the same plan, and comes with added efficiencies such as and easier communications since everyone will have the same plan features, record keeper, and investments.

**Q: When will the transition take place?**

A: The new HBC 401(k) Plan is effective September 1<sup>st</sup>, 2018.

**Q: Who is the record keeper for the new plan?**

A: Wells Fargo Institutional Retirement and Trust

**Q: What are the differences between my current and new HBC 401(k) plan?**

A: This depends on the 401(k) plan that you are currently participating in. Please refer to the transition notice that was mailed to you in July and/or the transition website [www.retirement-communications.com/hbc/](http://www.retirement-communications.com/hbc/) for more details on plan features.

**Q: What happens to my vested account balance?**

A: The term “vesting” refers to ownership of the value of the account. Vesting under the current separate plans carries over, so everyone will, at a minimum, have the same vesting percentage as they had under their current plan. In fact, Associates who are active at August 31<sup>st</sup>, 2018 will get the better of vesting in their former plan and the new plan, which has a 100% vesting after three (3) years’ of credited service vesting rule. Credited service also carries over, so if someone has 3 or more years of credited service as of September 1<sup>st</sup>, they will be 100% vested in their entire account, regardless of which plan they transitioned from.

**Q: How will my current deferral elections transfer?**

A: Current deferral elections – i.e., how much you contribute to the plan – will transfer over automatically if you do nothing. If you would like to change your deferral rates, you can log onto your current account or contact your current record keeper prior to the plan blackout period. The only exception is if you participate in the Lord & Taylor Plan and currently have After-Tax elections. After-Tax contributions will no longer be available in the new plan however, the After-Tax account money remains invested in your new account. Roth contributions have been introduced in replacement of After-Tax.

**Q: What are Roth contributions?**

A: When you make Roth contributions to your retirement plan, you choose to contribute a portion of your current pay into the plan on an *after-tax basis*, meaning you pay current federal and, if applicable, state and local income taxes in the year your Roth contributions are made. Roth contributions – along with their accumulated earnings – can be withdrawn tax-free from your retirement plan if they meet the qualified distribution requirements. Generally, Roth contributions are qualified if you are at least 59½ when you take a distribution and the first Roth dollar has been in your account for at least five (5) years.

More information on Roth contributions as well as the differences between pre-tax and Roth contributions are available on the Transition Site at [www.retirement-communications.com/hbc/](http://www.retirement-communications.com/hbc/).

**Q: How will my investments transfer?**

A: **Saks:** There are no changes to the investment line-up that is currently available to you in the Saks Incorporated 401(k) Retirement Plan. Your current assets and investment elections will transfer to the new HBC Plan.

**Lord & Taylor:** There are no changes to the investment line-up that is currently available in the Lord & Taylor 401(k) Retirement Savings Plan except that the Wells Fargo Stable Return fund is changing from a Class C Share to a lower-cost Class N Share. This change will lower the fund expense fee by 14.6%. All other funds remain the same. Current assets and investment elections will transfer to the new HBC 401(k) Plan.

**Gilt:** When the plan transitions into the new HBC 401(k) Plan, your account balance will transfer to a new investment line-up. Current assets and future contributions will be invested in an age-appropriate Vanguard Target Retirement fund – based on your age and an estimated retirement at or near your 65<sup>th</sup> birthday. If you want to change the way your existing balance and future contributions will be invested in the new plan, you will need to provide instructions prior to the blackout period begins on August 24<sup>th</sup>, 2018.

**Q: What is a blackout period and why do we have one?**

A: A blackout period is an amount of time during which there is no access to adjust investment options or percentages, request loans or distributions, make trades, or do much else in the retirement savings account. It is needed to effectively transition the accounts from the prior plans to the new HBC Plan with proper reconciliations, etc. Assets however, still remain invested during this period.

**Q: What do I do if I want to make changes to my investment elections before the transition to the HBC Plan?**

A: Prior to the blackout period beginning, **Saks** and **Lord & Taylor** participants can make changes online or by contacting their current record keepers, Wells Fargo and Bank of America Merrill Lynch respectively.

**Gilt** participants who would like to make different investment elections for the transition to the HBC 401(k) Plan can do so online at [www.wellsfargo.com](http://www.wellsfargo.com) or by contacting Wells Fargo by phone at 1-800-728-3123 during the election window (i.e., August 15<sup>th</sup> to 4:00 p.m. on August 24<sup>th</sup>). Please refer to the instructions and dates noted in the Transition Notice sent by mail and also available on the Transition Site at [www.retirement-communications.com/hbc/](http://www.retirement-communications.com/hbc/).

**Q: Does the Company continue to provide matching contributions?**

A: Yes! You will continue to receive an employer match of \$0.45 for each dollar that you contribute, up to 5% of your eligible compensation.

**Q: Who is my current record keeper and how do I contact them about my existing account?**

A: **Lord & Taylor Participants:** Bank of America Merrill Lynch 1-800-228-4015

**Saks Participants:** Wells Fargo 1-800-728-3123

**Gilt Participants:** Ascensus 1-888-800-5359

**Q: Where can I get more information about the new Plan?**

A: Visit the transition website at [www.retirement-communications.com/hbc/](http://www.retirement-communications.com/hbc/) and/or contact Wells Fargo customer service at 1-800-728-3123 and refer to the HBC 401(k) Retirement Savings Plan.

**Q: What action do I need to take?**

A: If you are comfortable with your current deferral elections and with where your assets will be invested in the new HBC 401(k) Retirement Savings Plan, no action is needed.

If you want to make changes, you can do so by following the instructions in the Transition Notice that was mailed to you in July and/or referring to the information on the Transition Site at [www.retirement-communications.com/hbc/](http://www.retirement-communications.com/hbc/).