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# AT&T Benefits

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## PLEASE READ this important info: Interest rate impact on your pension

**To:** Select AT&T management and bargained employees who have an interest-sensitive pension program

Every year, we are required to update pension interest rates based on interest rates set by the IRS, which has an impact on your pension payment. This year's circumstances are different than the past several years. We're experiencing rising interest rates, economic uncertainty and outstanding questions about inflation, and other indications that more change is ahead, all of which affect our business and could impact our workforce. In particular, rising interest rates could lower your pension payment calculations.

We remind you to refresh pension payment estimates every fall because we want to make sure you're aware of the impact interest rates can have—but it is especially important this year depending on when and how you start your pension payment. **Rising interest rates may have a larger impact on your pension payment calculations than in past years.**

We know the 2022 pension interest rates, but nobody yet knows the 2023 rates. They won't be known until late 2022 (often in late December) but signs point to 2023 rates being higher than 2022 rates. One indication of how interest rates could rise is the 10-year high quality corporate bond rate, which is up over 70% from November 2021 to August 2022.

Using [August 2022 interest rates](#) and depending on your plan, if rates stay the same and you take your payment in 2023, your lump sum option could decrease more than 15% – and in some cases more than 30%. We want you to be aware of these dynamics because if you're considering leaving the company in the near future and beginning your pension payment, you might need to make a decision—or start your pension payment—before next year's interest rate information is available to compare to 2022 rates. We want to make sure you are informed, allow time for evaluation and make a choice that is best for you.

There are resources which may help you better understand these circumstances and make an informed decision regarding when to start your pension payment:

1. **Refresh your pension payment estimates using the [Fidelity NetBenefits estimate tool](#).** This tool allows you to run multiple scenarios where you can change your pension start dates and assumed interest rates and see how it changes your payment. If you haven't used this tool before, you can review this [modeling guide](#) for assistance with estimating your payment and for more information on the interest rates that apply to your particular pension program.

2. **Engage an expert—like Fidelity or your personal financial or tax advisor—to review your available payment options at different start dates.** Fidelity Service Center representatives are available at 800-416-2363, Monday to Friday from 8:30 a.m. to midnight ET.
3. **Review your pension summary plan description (SPD),** which is located at the [Fidelity NetBenefits](#) site for general pension information.

There are many factors that affect your decision about when and how to start your pension payment, including reasons well beyond the impact of interest rates. But since this is time-sensitive information, we do want to ensure you're aware of resources available to help you plan accordingly.

**(This is a targeted message – please do not forward. While you have a pension program that's affected by interest rates, not all employees do. If you did not receive this email directly, you can still use the modeling tool, but likely will not see an impact solely due to interest rate changes.)**

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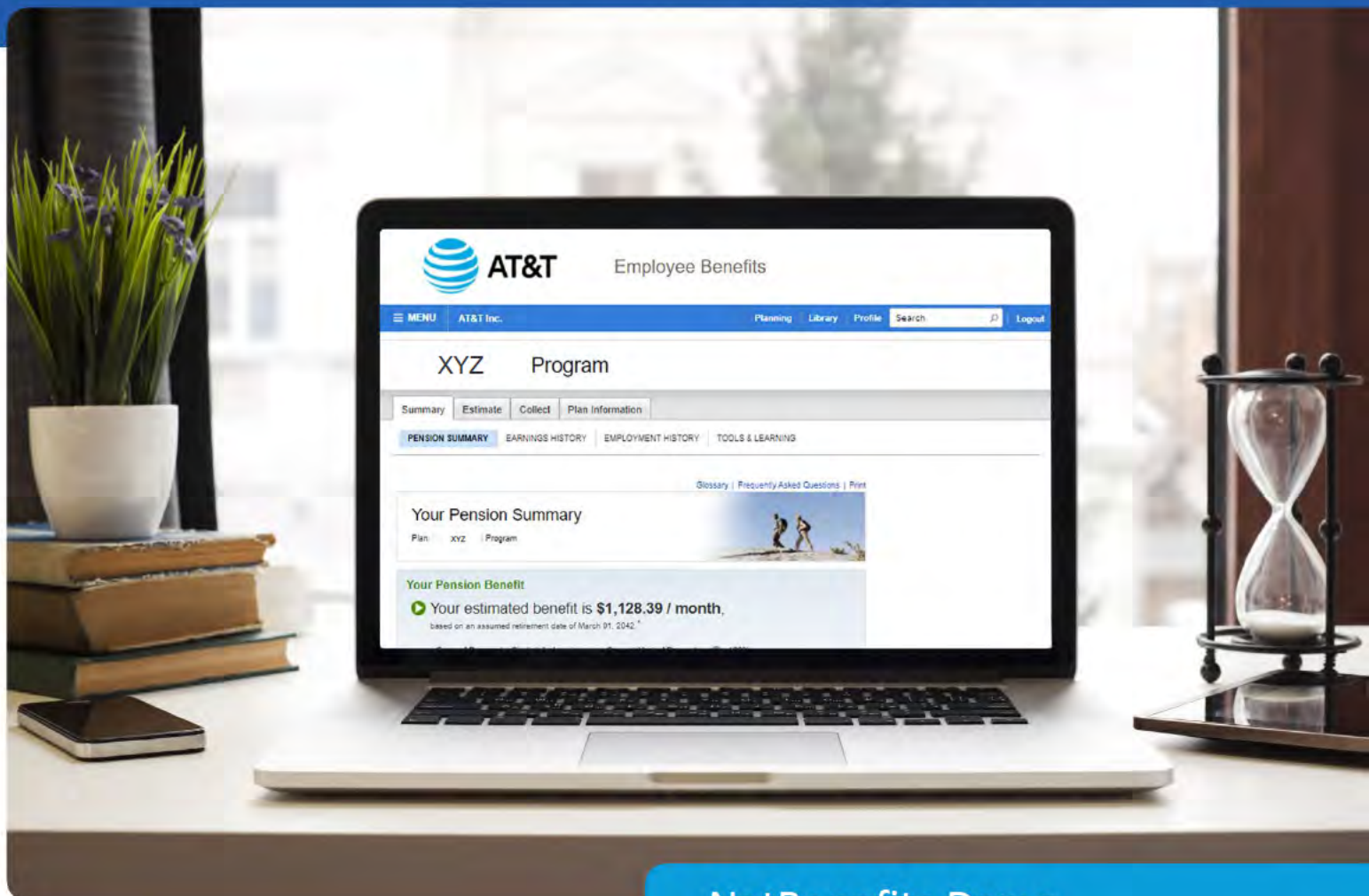
*This communication is a high-level summary of certain information related to your AT&T pension benefits. The terms of the official plan documents govern in all cases. This is not an official plan document. Interest rates are only one factor among many that you should consider in determining when to leave the business, and the forms of payment of your benefit under the pension plan. Future interest rates can vary and are difficult to predict. This document should not be construed as providing any type of prediction regarding future interest rates.*

*Certain programs only allow you to start your benefit on the first of the month. If this applies to you, you would need to end your employment on or before Nov. 30 and start your benefit by Dec. 1 to secure 2022 interest rates. Reference your Summary Plan Description or contact Fidelity to understand the requirements for your program to secure the November 2022 rates.*

*A small number of participants do not have access to the Fidelity estimate tool primarily due to the complexity of their individual employment histories. If you're unable to use the estimator, contact Fidelity for an estimate—but be aware that manual calculations can take up to 15 business days.*



# How to Estimate your Pension Benefit



NetBenefits Demo

For illustrative purposes only  
September 20, 2022



# Welcome to NetBenefits!

To model your pension benefit, follow these steps:

**Step 1:** Once logged into your account, select Your Pension Summary (under your Pension Plan tile, and the Quick Links menu)

The screenshot displays a dashboard with the following components:

- Your portfolio:** \$137,230.42 (Balance as of 07/22/2022, See investments)
- AT&T RETIREMENT SAVINGS PLAN:** 401(k):74375, \$51,465.03, Quick Links dropdown.
- XYZ Program of the AT&T PBP Pension:** View Details, Quick Links dropdown (circled in red), menu items: Pension Summary, How to Collect Your Pension, Plan Information and Documents.
- Health Savings Account:** Account Number, \$7,500.00, Quick Links dropdown.
- Other Employers + Investments:**
  - Retirement Savings:** 2 PLANS, \$12,480.00
  - Individual - TOD:** \$8,876.00

For illustrative purposes only



**Step 2:** From the Summary page, choose the Estimate tab to model different scenarios.

The screenshot displays the NetBenefits Pension Benefits Demo interface for the 'XYZ Program of the AT&T PBP'. The 'Estimate' tab is highlighted with a blue circle. The interface includes a navigation bar with 'Summary', 'Estimate', 'Collect', and 'Plan Information'. Below this, there are sections for 'PENSION SUMMARY', 'SERVICE SUMMARY', and 'TOOLS & LEARNING'. A 'Videos' section on the right offers a video titled 'Helpful Hints for Estimating Your Pension Benefit (04:22)'. The main content area features a 'Your Pension Summary' section with a play button icon and a description of the pension benefit. Below this, there are tabs for 'Balance View' and 'Benefit View'. A table shows the 'Qualified Cash Balance' as of June 30, 2022, at \$96,458.86, with a 'View Statement' link. The interface also includes sections for 'Your Workplace Savings Accounts' and 'Benefits Statement'.

XYZ Program of the AT&T PBP

Summary Estimate Collect Plan Information

PENSION SUMMARY SERVICE SUMMARY TOOLS & LEARNING

Glossary | Frequently Asked Questions | Print

**Your Pension Summary**

Plan: XYZ Program of the AT&T PBP

Your pension benefit can be viewed in two ways. The Balance View displays your current balance. The Benefit View displays your projected benefit at retirement.

Please make sure to run an estimate to see the full benefit payable to you.

Balance View Benefit View

**Your balances as of June 30, 2022**

Qualified Cash Balance	\$96,458.86	<a href="#">View Statement</a>
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**Your Workplace Savings Accounts**

- Go to the Savings & Retirement home page
  - Loans and withdrawals
  - Account balances
  - Investment choices

**Benefits Statement**

- View a printable statement of your employer benefits

Videos

Helpful Hints for Estimating Your Pension Benefit (04:22)

[View All Pension Videos](#)

For illustrative purposes only



**Step 3:** From the Estimate page, enter some basic information about your age or anticipated date to begin your pension payments.

## XYZ Program of the AT&T PBP

Summary Estimate Collect Plan Information

### Pension Estimates

To help make a more informed decision regarding your pension benefits, you can estimate and compare different payment amounts and schedules that may be available to you. With this tool, you can compare scenarios, save calculations of estimates, and even take the first step towards collecting your pension if you're eligible. **Tools & Learning**  
[View All Tools and Learning](#)

*Selecting the blue text throughout the tool provides additional information about the input.*

[Estimate a Payment](#) [Review Saved Calculations](#)

**Scenario 1** [Clear Values](#)

You must provide at least one age or date below.

**When will you stop working?** [How does this affect my estimate?](#)

Enter an age or date.

Age    OR Date  /  /

**When would you like to start receiving benefits?**

Enter an age or date, or select from commonly used dates.

Age    OR Date  /  /

Go to next page for **Step 3** continued

For illustrative purposes only



Continue entering information as asked in the Estimate section to create a Scenario. For example...

Are you married?  Yes  No

Some payment options include benefits for your spouse or other surviving beneficiary. In order to view those options with your estimate please enter the beneficiary information here.

Survivor

**i Important:** If you are married at the time you collect your pension, you must select 'Spouse' as your beneficiary type and provide their date of birth. Your spouse must be allowed to make an informed decision about their rights. If you are married under applicable state law, your Spouse must provide written consent to waive their right to a survivor benefit.

Survivor's date of birth  /  /  How do you use this?

**Other factors we will use to calculate your estimate:**  How does this affect my estimate?

You may enter specific values, or we will apply your plan defaults.

Legally Recognized Partner

Salary Increase Percent per year  % (e.g. 0% to 10% in increments of 1%)

Bonus Percentage per year  % (e.g. 0% to 100% in increments of 1%)

Cash Balance Interest Crediting Rate  % (e.g. 1.00% to 9.00% in increments of 0.01%)

Lump Sum Interest Rate - Segment 1  % (e.g. 0.10% to 6.00% in increments of 0.01%)

Lump Sum Interest Rate - Segment 2  % (e.g. 2.00% to 7.00% in increments of 0.01%)

Lump Sum Interest Rate - Segment 3  % (e.g. 3.00% to 8.00% in increments of 0.01%)

To elect a Legally Recognized Partner, enter a checkmark in the box, and select...

By selecting "Spouse" as a survivor, your estimate will return any survivor options...

Cash balance interest and lump sum calculations are a function of prevailing interest rates. If the entries blank, current rates will be used. You can see the impact of possible modeling increases or decreases from current levels.

Are you ready to collect your pension? Processing may take time, so we recommend you start the process of collecting your pension between **90 -180** days before your last day of work.

**Important Legal Information**  
 Your benefit is calculated according to the rules of your company's retirement plan. This benefit your plan used certain assumptions (i.e. interest rates, mortality tables, etc.). assumptions may change based on when you commence your benefit. A change in assumptions may impact the amount of benefit due to you. These assumptions may also change over time. As a result, you need to take responsibility for the accuracy of your information. You must ensure that the Your Information and the Your Modeling Assumptions are accurate information about you, and, as applicable, your spouse, alternate payee, etc. Inaccuracies could have a negative or positive impact on your actual benefit. If an inaccuracy that affects your benefit is discovered after your payment begins, your benefit will be adjusted. If you are overpaid due to an inaccuracy, you will be required to return the overpayment.

*Your inputs may differ depending on your pension program.*

*If you leave it set to the default of 0.00%, the model will use the current applicable rates.*

*Alternatively, you can enter other rates as a projection of where they may be at the time of your benefit start date. Reference the historical rates on page 8 to help inform your assumptions.*

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## Step 4: Input information into other Scenarios (somewhat repeating the entry process to get to a side-by-side view of your Scenarios)

**Scenario 2** [Clear Values](#)

You must provide at least one age or date below.

**When will you stop working?**  How does this affect my estimate?

Enter an age or date:

Age   months  Date  /  /

**When would you like to start receiving benefits?**

Enter an age or date, or select from commonly used dates:

Age   months  Date  /  /

**Select Your Survivor (Optional)**  How does this affect my estimate?

Are you married?  Yes  No

Some payment options include benefits for your spouse or other surviving beneficiary. In order to view those options with your estimate please enter the beneficiary information here.

Survivor

**Important:** If you are married at the time you collect your pension, you must select 'Spouse' as your beneficiary type and provide their date of birth. Your spouse must be allowed to make an informed decision about their rights. If you are married under applicable state law, your Spouse must provide written consent to waive their right to a survivor benefit.

Survivor's date of birth:  /  /   How do you use this?

**Other factors we will use to calculate your estimate:**  How does this affect my estimate?

You may enter specific values, or we will apply your plan defaults.

Legally Recognized Partner

Salary Increase Percent per year  % (e.g. 0% to 10% in increments of 1%)

Bonus Percentage per year  % (e.g. 0% to 100% in increments of 1%)

Cash Balance Interest Crediting Rate  % (e.g. 1.00% to 9.00% in increments of 0.01%)

Lump Sum Interest Rate - Segment 1  % (e.g. 0.10% to 8.00% in increments of 0.01%)

Lump Sum Interest Rate - Segment 2  % (e.g. 2.00% to 7.00% in increments of 0.01%)

Lump Sum Interest Rate - Segment 3  % (e.g. 3.00% to 8.00% in increments of 0.01%)

To elect a Legally Recognized Partner, enter a checkmark in the box, and select Non-Spouse above.

By selecting "Spouse" as a survivor, your estimate will return any survivor options available to you.

Cash balance interest and lump sum calculations are a function of prevailing interest rates. If you leave the entries blank, current rates will be used. You can see the impact of possible rate changes by modeling increases or decreases from current levels.

Are you ready to collect your pension? Processing may take time, so we recommend that you start the process of collecting your pension between 90 -180 days before your last day of work.

**Important Legal Information**

Your benefit is calculated according to the rules of your company's retirement plan. In order to calculate this benefit your plan used certain assumptions (i.e., interest rates, mortality tables, earnings, etc). These assumptions may change based on when you commence your benefit. A change in assumptions may impact the amount of benefit due to you. These assumptions may also change based on your personal information. As a result, you need to take responsibility for the accuracy of your personal information. You must ensure that the Your Information and the Your Modeling Assumptions sections above contain accurate information about you, and, as applicable, your spouse, alternate payee, and beneficiary. Any inaccuracies could have a negative or positive impact on your actual benefit. If an inaccuracy that affects your benefit is discovered after your payment begins, your benefit will be adjusted to resolve the inaccuracy. If you are overpaid due to an inaccuracy, you will be required to return the overpayment.

[Calculate Payment Options >](#)

For illustrative purposes only





**Step 5: See your results.**

Estimate a Payment
Review Saved Calculations

Format for Printing  
 Created on: 07/22/2022

Assumptions	-- Delete Scenario	-- Delete Scenario	+ Add Scenario
	Scenario 1	Scenario 2	Scenario 3
Stop Working	56 yrs 0 mos   12/30/2022	56 yrs 0 mos   12/31/2022	
Benefit Commencement	56 yrs 0 mos   12/31/2022	56 yrs 0 mos   01/01/2023	
Survivor	None	None	
Survivor Date of Birth	N/A	N/A	
Legally Recognized Partner	No	No	
Salary Increase Percent per year	0 %	0 %	
Bonus Percentage per year	0 %	0 %	
Cash Balance Interest Crediting Rate	0.00 %	0.00 %	
Lump Sum Interest Rate - Segment 1	0.00 %	3.23 %	
Lump Sum Interest Rate - Segment 2	0.00 %	4.59 %	
Lump Sum Interest Rate - Segment 3	0.00 %	4.69 %	
	<a href="#">Assumption Details</a> <a href="#">Calculation Details</a>	<a href="#">Assumption Details</a> <a href="#">Calculation Details</a>	

**Available Options**

	Scenario 1		Scenario 2		Scenario 3	
	You	Your Survivor	You	Your Survivor	You	Your Survivor
<b>Service Pension benefit</b>						
<b>Lump Sum (one-time payment)</b>	\$334,894.37 Lump Sum	N/A	\$327,518.68 Lump Sum	N/A		
<b>Single Life Annuity</b>			\$652.35 Monthly	N/A		
Benefit Amount	\$652.35 Monthly	N/A	N/A	N/A		
Adjusted benefit starting on 01/01/2023 due to mid-month commencement	\$5,572.52 Monthly	N/A	N/A	N/A		
<b>Partial Lump Sum (one-time payment)</b>	\$1,616.22 Lump Sum	N/A	\$1,616.22 Lump Sum	N/A		
Along with the following:						
<b>Residual Single Life Annuity</b>			\$1,173.11 Monthly	N/A		
Benefit Amount	\$1,186.49 Monthly	N/A	N/A	N/A		
Adjusted benefit starting on 01/01/2023 due to mid-month commencement	\$5,156.26 Monthly	N/A	N/A	N/A		

-- Delete Scenario    -- Delete Scenario    + Add Scenario

You can select Assumption Details or Calculation Details to see which rates are used to estimate your benefit.

For illustrative purposes only



## Applicable Interest Rates for Qualified Pensions

Note: Please review your applicable Summary Plan Descriptions for additional information regarding your available forms of payment. The table below lists historical rates used in calculating different forms of payment for the AT&T Pension Plan and illustrate how rates have changed over time. These rates are provided by the IRS and Treasury Department.

These rates generally apply to the primary formulas for the designated pension programs; however, grandfathered benefit formulas could have a different treatment. The Fidelity modeler is programmed to produce the greatest applicable benefit. Non-qualified pension benefits may be impacted differently.

Review the instructions on how to model your benefit. Contact the Fidelity Service Center at **(800) 416-2363** if you have questions on your options or on how to model different interest rates and benefit start dates.

### Corporate Bond 3 Segment Rates

- AT&T Legacy Management Program
- Nonbargained Program
- Southeast Management Program
- DIRECTV Program (5 way compare: Other rates apply; however, the benefit will be no less than as determined by these rates)

### 30 Year Treasury Rates

- Mobility Program
- DIRECTV Program (5 Way Compare)

### Fixed Rate

- Management Cash Balance Program – 5%

[Click here for the latest and historical Corporate Bond 3 Segment Rates](#)

[Click here for the latest and historical 30 Year Treasury Rates](#)

### How to use these rates?

You may be wondering what interest rates to use in your modeling. Interest rates are subject to change from year to year. The November rate used by the pension plan isn't usually known until mid-December. However, you may want to look at historical rates as a proxy and to understand your benefit's sensitivity to rate changes. Note that benefit commencement date must be January 1, 2023 or later to see the sensitivity of rate changes.

	Aug-22	Nov-21	Nov-20	Nov-19	Nov-18	Nov-10	Nov-09	Nov-08
1st Segment (0-5 yr)	3.79%	1.02%	0.53%	2.04%	3.43%	2.16%	3.13%	5.24%
2nd Segment (6-20 yr)	4.62%	2.72%	2.31%	3.09%	4.46%	4.77%	5.07%	5.69%
3rd Segment (>20 yr)	4.69%	3.08%	3.09%	3.68%	4.88%	6.05%	5.50%	5.37%
30 yr Treasury	3.13%	1.94%	1.62%	2.28%	3.36%	4.19%	4.31%	4.00%