




Employee Benefit Research Institute
Education and Research Fund – December 13, 2018

INTERNATIONAL  PAPER

Considerations in the Retirement Income Phase of Life
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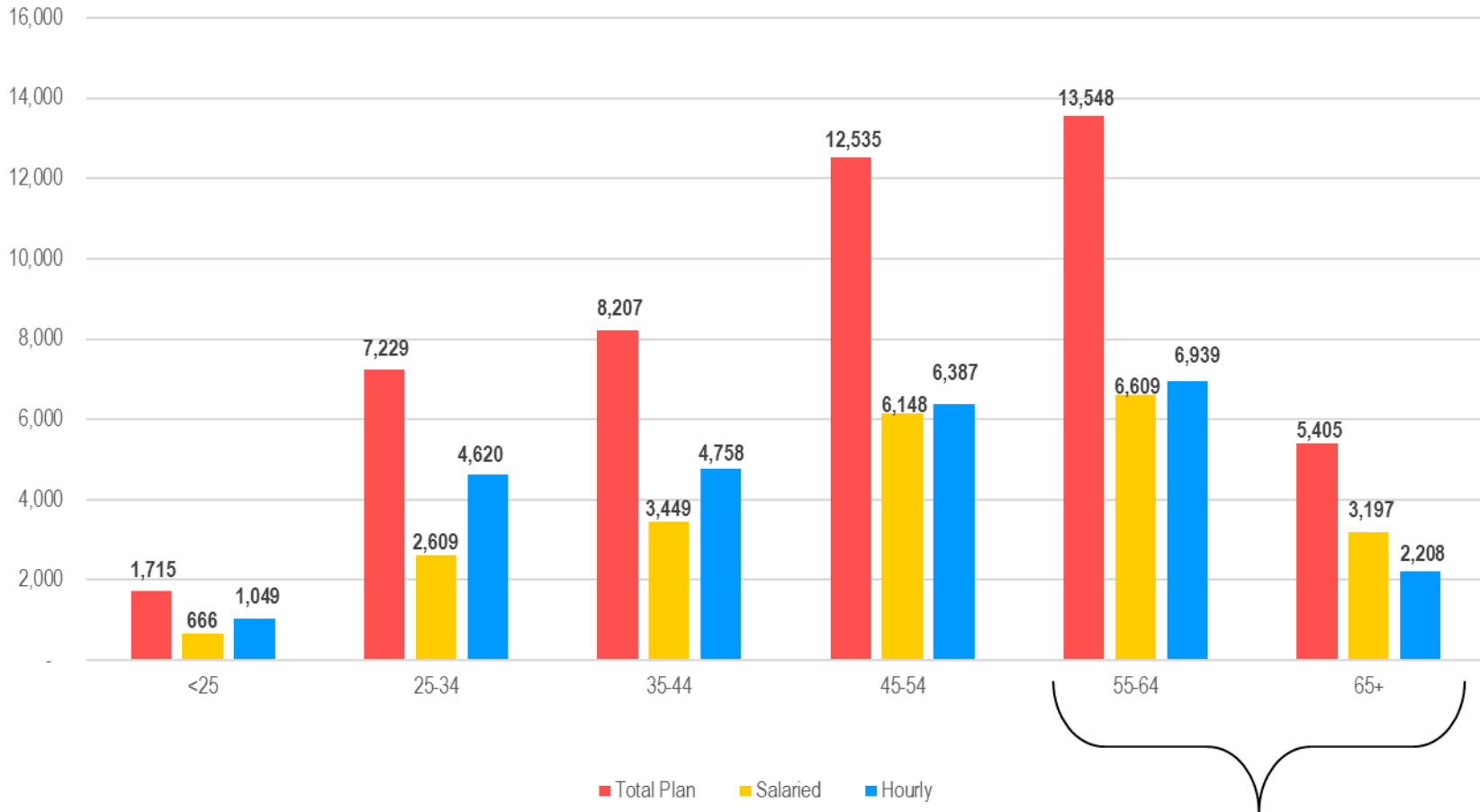
Background on International Paper

- International Paper is one of the world's leading producers of fiber-based packaging, pulp and paper
- International Paper creates:
 - Packaging products that protect and promote goods, enable worldwide commerce and keep consumers safe
 - Pulp for diapers, tissue and other personal hygiene products that promote health and wellness; and
 - Papers that facilitate education and communication.
- IP is headquartered in Memphis, Tennessee and employs approximately 52,000 people worldwide and is strategically located in more than 24 countries serving customers around the globe

Our Goal: Keep Participants in the Savings Plan

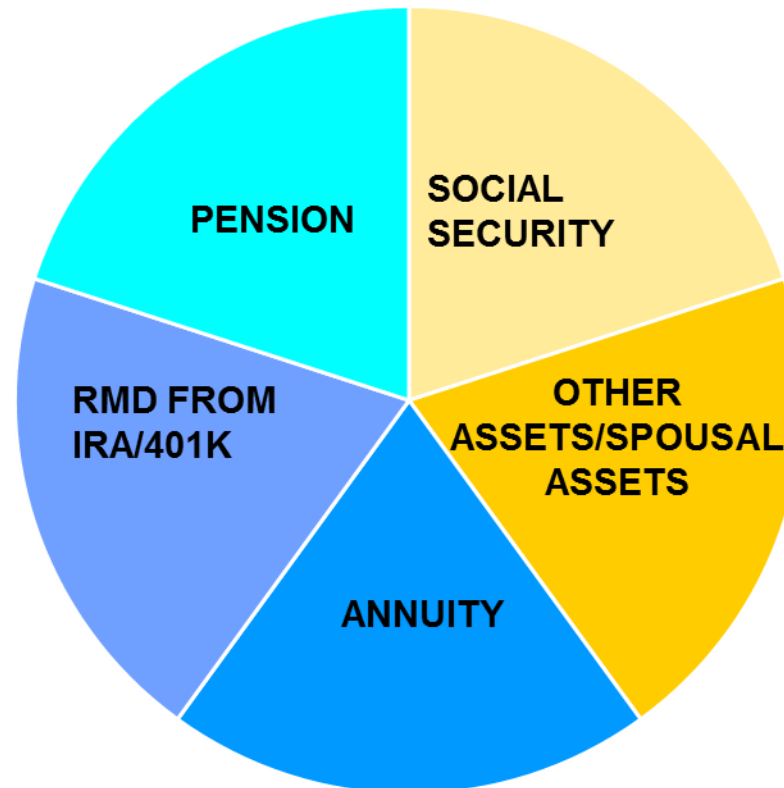
- Pension Fund for salaried employees is freezing at the end of 2018
- Savings Plan is approximately \$5.8 billion with nearly 49,000 participants
- Savings Plan offers many features attractive to all types of employees (*new hire, mid-career, near retirement, in retirement*)
 - A full suite of distribution options (e.g., installment payouts, partial lump sum payouts, etc.)
 - A brokerage window offering thousands of investment choices
 - On-line investment advice at no additional cost
 - Unique investment options like our stable value fund
 - Access to post-employment loans
- In early 2018, we improved our spend-down program and believe we now have a full range of attractive retiree-focused Savings Plan features that will encourage more participants to remain in the plan long after they retire
 - IP believes it is important for employees to remain under the protection of a fiduciary umbrella, not only when they are working, but also in retirement

International Paper Employee Population In the Savings Plan



- Those aged 55 and older (almost 19,000) participants are either eligible for retirement, considering retirement, or already in retirement.

Sources of Retirement Income



- Participants often have different levels of income replacement/pools of assets
- Offering different sources/multiple dimensions of income helps create a “paycheck for life”

IP Seeks to Provide Participants with Retirement Income Security

- IP launched its spend-down program in 2013 to help employees convert their Savings Plan balances into steady payouts in retirement
- On January 1, 2018, the program was improved with the addition of two features:
 - Long Bond Fund option – would increase projected payouts by up to 10%
 - Annuity option – would help participants address longevity risk
- Improving spend down programs is a good way to address employees' retirement concerns as we shift from pension-only retirees to retirees that will depend on decumulation of 401k plan assets
- IP has been an innovator in retirement savings plan design and evaluating a more robust spend-down strategy was part of this mission

IP Spend Down Strategy Today

Financial Engines: Managed Accounts, *Income+*

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Everyone 55+ receives a Retirement Evaluation



retirement evaluation
An independent analysis of your (Plan Name)

Prepared for: **Robert Harrison**
Current age: 55
Retirement age: 65
Total balance: \$71,980*
Year savings: 4% or \$3,000/yr*
Employer Contributions: \$1,000/yr
*As of 01/01/2011

Red or yellow lights? It may be time to make changes.

Investments: **Are you making the most of your investments?**

- Your investments may be too aggressive even for someone with 15 years until retirement.
- You have too much allocated to company stock.
- Consider talking less risk and reducing the company stock you hold.
- This can help protect against the risk of big losses.
- We can help select investments at a risk level that is right for you. Call us if you have other retirement accounts to consider.

Savings: **Are you making the most of your savings?**

- You are not taking good advantage of your (Plan Sponsor) contribution.
- Consider increasing your savings to \$2,070/yr to get more of your company match.
- With this increase, you will be taking better advantage of the savings allowed by your plan.
- We can help you see the impact of saving more.

Retirement Income: **Can you do better?**

- You could have \$35,800 per year at age 65. That may not be enough to retire.*
- This forecast assumes average market performance. It could be \$26,000/yr or less if markets are below average.*
- In this forecast, your Social Security estimate is adjusted to \$18,000/yr.*
- We can create a Retirement Plan that considers all of your investments.

→ Your action is required by March 31, 2011.
1. Decide if you want retirement help.
2. Return the enclosed reply card, call 800.346.2345, or go online.

This is a sample for informational purposes. It is subject to change and does not contain actual participant data.

Financial Engines **EMPOWER**

Professional Management
Help and access to investment advisor representatives



Receive a Retirement Plan



Stay on track



Get ready for retirement and receive payouts

Online Advice
Professional advice and call center support



Build a Retirement Plan



Stay on track



Get ready for retirement

- Financial Engines On-line Advice and Managed Accounts, *Income+* is offered to IP plan participants
- *Income+* is only offered to participants that are age 55 and older

Added a Long Bond Option and Out-of-Plan Annuity Platform to the Plan

- A Long Bond Fund addition to the Savings Plan
 - As with pension plans, long duration fixed income can play an important role in asset/liability management for individuals
 - Financial Engines *Income+* program will use long bonds in its modeling tool to help increase participants' income profile for those aged 55+
 - Long duration fixed income is a large, liquid asset class that offers participants diversification benefits, especially in periods of significant equity drawdowns
- Hueler Income Solutions is an out-of-plan annuity platform where a participant can annuitize a portion of the retirement savings plan balance (immediate, deferred, longevity insurance, QLAC)
 - Offers institutional priced, competitive offering to participants across various insurance providers
 - Insurance specialists are available to speak with plan participants to address all questions

Questions