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Shape your future with CFC's 401(k) Savings Plan and Health Savings Account.

## Glossary

These definitions may help you understand the terminology presented within the new approach materials. Please note that these definitions are presented within the context of our plans and may differ from your understanding of the same terms in other contexts. For additional information, please contact Personnel, Ext. 2199, or your financial adviser.

**401(k) Savings Plan** – A defined-contribution retirement plan that allows associates to contribute pretax dollars to a retirement savings account. Contributions generally are invested in stocks, bonds or money market instruments that you choose from a list of pre-determined options. Your company matches, dollar for dollar, up to 6 percent of your biweekly salary and up to 6 percent of your bonus. Because the intent of this account is to help you plan for retirement, there are limits on removing money from this account and doing so may result in tax consequences and penalties.

**adverse tax consequences** – When you remove money from your 401(k) Savings Plan account or receive your pension in a lump sum payment or annuity prior to retirement or when you remove money from your HSA for non-medical reasons, you may have to pay costly additional taxes and penalties. Please consult your financial adviser before making decisions to withdraw funds.

**allocation** – You make an allocation when you choose to invest your 401(k) Savings Plan or HSA contributions and balance in specific funds from the list of available investment options, and when you decide what percentage of your balance and new contributions goes to each fund.

**annual deductible** – A defined, yearly amount of out-of-pocket expenses you pay for health products and services before portions of your medical expenses are eligible for payment by your company.

**annual limits** – The maximum amount you will pay in any given year for particular insurance-eligible medical expenses. This annual limit applies to your total out-of-pocket costs for in-network services.

**annualized biweekly salary and bonus** – The estimated total of your biweekly gross wages and bonus over one calendar year.

**annuity** – A contract that provides an income for a specified period of time, such as a number of years or for life.

**associate meetings** – Informative meetings and Web conferences regarding the changes to your benefit plans. The Personnel department conducts these meetings for associates, spouses and financial advisers. Please see the meeting schedule in your packet and register in advance.

**August 15, 2008** – The due date for associates age 40 and over to choose whether to stay in the pension plan or become eligible for company matching contributions in the enhanced 401(k) Savings Plan.

**auto-enrollment** – A new feature of the enhanced 401(k) Savings Plan effective September 1. All associates who are participating with flat dollar contributions or who are contributing between 0 percent and 2 percent are automatically enrolled in the plan at 3 percent of your biweekly pay and bonus. No action is required of you, although you may choose to opt out or adjust your contribution rate to another percentage on <http://retire.53.com>, which will stop auto-enrollment and auto-increase.

**auto-increase** – A feature of the enhanced 401(k) Savings Plan applicable only to those who are auto-enrolled. Unless you change your percentage contribution of your biweekly pay and bonus, your contributions to your enhanced 401(k) Savings Plan account will increase by 1 percent each year until you are contributing 6 percent.

**beneficiary** – This is the person you've named to receive your balance in your enhanced 401(k) Savings Plan account or HSA in the event of your death. You can view or change your 401(k) Savings Plan beneficiary on <http://retire.53.com>.

**CDHP** – A consumer-driven health plan (CDHP) provides you with options and preventive care programs to help you plan and control your health care spending. A CDHP has the potential to benefit you financially, while also motivating you to make healthcare decisions that improve your health.

**catch-up contributions** – Associates age 50 and older are eligible to make extra annual contributions of \$5,000 in 2008 to the enhanced 401(k) Savings Plan. Also, associates age 55 and older, unless enrolled in Medicare, may contribute up to an additional \$1,000 in 2009 to their HSA in order to help ensure adequate retirement and health savings. Catch-up contribution amounts shown may change in later years.

**co-insurance** – A policy provision by which both the associate and the company share, on a percentage basis, the cost of expenses covered under the health plan. Co-insurance refers to the percentage amount that an associate pays.

**company contributions** – The transfer of company funds to your enhanced 401(k) Savings Plan account to your HSA.

**company matching contribution** – The one-dollar contribution that the company makes to your enhanced 401(k) Savings Plan account for every one dollar you contribute. The company will match up to 6 percent of your biweekly pay and 6 percent of your bonus. The match vests, or becomes yours after three years of credited service, even if you leave.

**company-funded retirement benefits** – The defined benefit pension plan, now available only to associates 40 and up who elect to remain in the plan instead of moving to the new approach. Your company bears all of the cost and risk of this pension plan.

**companywide contributions** – These company contributions to all associates will start with a double payment totaling \$1,100 in 2009 and then a payment of \$550 in 2010 (amounts may vary in future years). If you choose the CFC Health Plan during annual enrollment this fall, the contributions will be made to your HSA. Otherwise, the contributions will be made to your enhanced 401(k) Saving Plan account.

**contribution rate** – The percentage of your biweekly pay and bonus that you are saving in your 401(k) Savings Plan.

**co-pay** – A policy provision by which both the associate and the company share the cost of eligible health plan expenses. Co-payments refer to the flat dollar amount that an associate pays.

**credited service** – The period of employment that is recognized as service for one or more plan purposes, for calculating benefit amounts, entitlement to benefits and vesting. Years of service may be calculated differently than they are for actual length of employment. For example, it is possible to receive partial credit under our pension plan for the year in which you were hired or full-year credit for the final year of participation even if the full year was not worked.

**default investment funds (Life Model Aggressive, Moderate, Conservative)** – The investment fund into which your company’s plan administrator will place company contributions and your contributions when you have not visited <http://retire.53.com> and chosen specific funds. All 401(k) Savings Plan accounts where the associate has not actively made choices will be placed in the default investment funds, whether you stay in the current pension plan or move to the enhanced 401(k) Savings Plan. If you previously selected funds, those choices will apply instead of the default.

**deferred** – Withheld or delayed for a certain period of time. Taxes on contributions and returns in your 401(k) Savings Plan may be deferred until money is withdrawn in retirement, when many people can expect to pay taxes at a lower rate.

**delayed retirement** – Postponing retirement after the normal retirement age specified in a plan. Retirement after age 65 is considered delayed under our pension plan, which allows delayed retirement with increased benefits after age 65. Normal retirement varies for Social Security, Medicare and other plans.

**defined benefit plan** – A type of retirement plan that is paid for entirely by employer funds and calculates a benefit based on a fixed formula rather than investment returns. This term applies to our pension plan.

**early retirement** – Starting retirement before the normal retirement age specified in a plan. Retirement before age 65 is considered early under our pension plan, which allows early retirement with reduced benefits at age 60. Normal retirement varies for Social Security, Medicare and other plans.

**Enhanced 401(k) Savings Plan** – The 401(k) Savings Plan allowing associates to make contributions before taxes and earn investment returns. Enhancements include features such as company matching contributions, an increased maximum annual associate contribution and auto-enrollment with auto-increase.

**FSA** – (See “Tax Advantage Plan.”)

**financial adviser** – An investment professional who helps associates determine specific financial objectives, then helps you choose the best financial plans to achieve your goals.

**flat-dollar contribution** – Contributions in a specified dollar amount rather than a percentage of pay. Those who previously elected flat-dollar contribution amounts to the 401(k) Savings Plan will be auto-enrolled at 3 percent.

**free preventive care** – CFC Health Plan feature designed to encourage associates to maintain health through prevention and early detection of illnesses. Effective January 1, 2009, when you use in-network providers, you pay no deductible or co-pay for these preventive services, including mammograms, prostate screenings colonoscopies, pap smears, prenatal care, physicals and immunizations.

**gross pay** – The total of your pay before deductions and taxes are subtracted. Your 401(k) Savings Plan, HSA and TAP contributions are deducted from gross pay, resulting in a tax savings to you.

**hardship withdrawal** – An emergency withdrawal from your 401(k) Savings Plan account that may be subject to taxes or penalties. Emergency withdrawals are subject to approval and can be taken only for specific reasons, and the funds must be used for the specified purpose.

**health plan company contributions** – You receive these company contributions only if you enroll in the CFC Health Plan. In 2009, our company will contribute \$300 to your HSA if you have individual coverage and \$600 to your HSA if you include a spouse or children in your coverage.

**Health Savings Account (HSA)** – An HSA has features of both a 401(k) Savings Plan account and our TAP account but, unlike those accounts, can result in money you use for medical expenses being tax free. You can receive company contributions and make personal pretax contributions to an HSA. These monies can be saved for future medical costs (carried over from year to year) or used for current medical expenses. However you choose to use an HSA, all the money in your account belongs to you. You are responsible for managing it and documenting eligible expenses for the IRS.

**Individual Retirement Account** – A personal retirement account that associates can set up through a financial adviser. IRAs offer an additional opportunity for associates to save for retirement. Please contact a financial adviser for details on this tax-deductible savings option. As tax-qualified accounts, they may be able to accept rollovers of pension benefits.

**in-network/in-system** – Health care providers who have agreed to accept pre-determined fees for their services and to maintain certain standards of care and credentialing. You pay less when you use in-network providers.

**interest rate** – The percentage rate that a financial institution pays you to hold your deposits or the percentage rate you pay a financial institution to borrow money. Interest rates may be fixed or variable, and it's wise to keep track of your current rate.

**interest-free stock loan** – A company plan that allows you to borrow money, interest free, to purchase CFC stock. You own the shares and receive the dividends while you repay the loan through payroll deductions.

**investment funds** – A fund is a collection of investors' money managed by a financial institution. You can choose to place your 401(k) Savings Plan and HSA contributions and balances into various funds, each managed by its own rules and with its own goals. A financial adviser can help you identify which funds best match your own needs and goals.

**investment returns** – The money made or lost on account balances you invested.

**irrevocable** – Unchangeable. In this case, irrevocable refers to the election associates 40 and older will make to either stay in the company pension plan or move to the new approach. On August 15, 2008, the election becomes irrevocable or "permanent" and cannot later be changed.

**IRS limits** – The maximum amount associates may contribute annually to your 401(k) Savings Plan or HSA is set by the IRS each year. The current 2008 limit for the 401(k) Savings Plan is \$15,500, and the limit for the HSA is \$3,000 individual/\$5,950 family. The IRS allows people close to retirement age to make additional contributions beyond these limits. (See "catch-up contributions.")

**IRS publication 502** – This publication provides information on the tax-deductibility of medical and dental expenses. It is useful for determining what expenses can be paid using your TAP and/or HSA contributions.

**Limited Purpose TAP (also called limited purpose FSA)** – Beginning in January 2009, you may payroll deduct pretax dollars to pay for out-of-pocket *dental and vision expenses only*. This will continue to work like the TAP plan has in the past, but you cannot use it for other medical expenses. (See "Health Savings Account" and "IRS Publication 502.")

**lump sum distribution** – A method of receiving your balance from a retirement plan that involves receiving the balance as a single cash payment. Generally, this method results in an immediate obligation to pay taxes on the distribution unless you roll it directly to a tax-qualified plan without personally receiving it.

**manually adjust** – You may change your biweekly percentage contribution to the enhanced 401(k) Savings Plan by visiting <http://retire.53.com>.

**match** – If you're enrolled in the enhanced 401(k) Savings Plan and you do not remain in the pension, your company will make contributions to your account, matching your contributions dollar for dollar, up to 6 percent of your earnings and bonus. This match vests, or becomes yours even if you leave, after three years of credited service. (See "credited service.")

**medical savings** – The accumulation of money in your HSA that you may use to pay for qualified medical expenses on a tax-free basis.

**Medicare** – This federal plan pays a portion of certain hospital and medical expenses for those who qualify. The program is government subsidized and operated. Participants pay premiums to the government and pay a co-pay. You may use money saved in an HSA to pay those expenses.

**mortality table** – An actuarial chart that shows how many members of a group, starting at a certain age, will likely still be alive at each succeeding age. It is used to calculate the probability of dying in, or surviving through, any period and the value of an annuity benefit.

**MyChoice<sup>SM</sup> Investor Services** – Fifth Third offers three levels of investment assistance ranging from guidance to complete account management. Some levels have fees. Please visit <http://retire.53.com> for more information.

**net pay** – The amount of your pay after deductions and taxes from your gross pay. Your net pay is higher when you pay expenses or make contributions from your gross pay instead of from your net pay.

**new approach** – Our updated retirement and health plans that help you take full advantage of new tax laws and build resources in your own accounts for your future financial and health needs.

**non-network/out-of-network** – Health care providers who have not agreed to our pricing structure, standards of care and credentialing. You pay more when you use out-of-network providers.

**normal retirement** – The age, as established by a plan, when retirement normally occurs. Normal retirement age under our pension plan is 65. Normal retirement varies for Social Security, Medicare and other plans.

**open enrollment** – A period during which associates may enroll in or change your benefit elections. Our open enrollment period for 2009 will begin in the fall of 2008.

**ordinary income** – Taxable income other than capital gains, also referred to as wages, salaries or other compensation from employment.

**out-of-pocket costs** – The amount of money a person will pay for eligible medical products and services in addition to premium payments and co-pays.

**penalty** – A fee charged by the IRS for receipt of cash from a tax-qualified plan such as your pension or 401(k) Savings Plan prior to the required age as stated in the plan. This is also called an excise tax.

**Pension Benefit Guarantee Corporation (PBGC)** – A federal organization that insures certain benefits under private defined benefit pension plans and levies assessments on participating companies to pay those benefits when other companies default, or fail to pay, their pension obligations.

**pension plan** – A retirement plan that provides either a lump-sum cash payment or a periodic payment to a vested associate upon retirement. Pension plans are typically funded entirely by the employer, and associates don't own their benefits in individual portable accounts.

**Personal Identification Number (PIN)** – You need this code to access your personal retirement services account at <http://retire.53.com>. To obtain a temporary PIN to view or make changes to your 401(k) Savings Plan account, please call 866-258-4777.

### **Personalized Retirement Wealth Planning Statement** –

This document provides important, personal and financial information to help you understand your retirement benefits and make wise choices for your personal situation. Take it with you when you discuss your financial choices with a financial adviser. Protect your private information by sharing this document only with those you trust.

**plan administrator** – The plan administrator manages the operation of a particular employee benefit plan and is responsible for acting in accordance with the documents governing the plan. Fifth Third Bank is the administrator for the 401(k) Savings Plan. Cincinnati Financial Corporation Retirement Committee is the administrator for the current pension plan. We are in the process of choosing an HSA administrator.

**post-retirement** – The period after you retire. Generally, this is the period when you begin drawing on your savings to pay expenses. Current estimates are that many people will have a 20-30 year post-retirement period.

**PPO** – A preferred provider organization. A managed health care organization of medical providers and other healthcare-related organizations.

**pretax contributions** – Money deducted from your pay and deposited into your account before applicable taxes are taken out. Contributing before taxes results in higher net pay than making the same contributions after tax from your net pay.

**pretax dollars** – A pretax dollar is worth \$1 while an after-tax dollar is typically worth about 70 cents. Saving with pretax dollars allows you to grow your retirement or health savings plan at a much faster rate.

**pretax savings vehicle** – An account that accepts your health care and retirement savings from your gross pay, before taxes are deducted, which increases the amount you deposit into the account.

**preventive care** – Care emphasizing priorities for prevention, early detection and early treatment of conditions, including routine physical examinations, screenings and immunizations. (See “free preventive care.”)

**qualified health care expenses** – Types of health care expenses that you are permitted to pay for through pretax contributions to an HSA or TAP. (See “IRS Publication 502.”)

**regulatory approval** – The company anticipates receiving PBGC approval by year-end 2008 for the company to complete the transfer of balances out of the pension plan. When we receive approval, you’ll receive or roll over any accrued pension benefit for past service, as shown in your Personalized Retirement Wealth Planning Statement.

**rollover** – The transfer of money directly from one qualified retirement plan to another, without receipt of funds by the participant.

**spousal consent** – Married persons must receive approval from your spouses when receiving a distribution from the pension plan other than a joint and survivor annuity.

**Tax Advantage Plan** – Also called Flexible Spending Arrangements (FSA) or Flexible Spending Accounts. These accounts consist of pretax payroll deducted associate contributions that can be used to pay for eligible out-of-pocket medical expenses. Balances in this plan do not carry over into future years. Any unused balances as of the TAP claim deadline are forfeited. NOTE: TAP is changing for the 2009 plan year. (See “Limited Purpose TAP.”)

**tax deferred** – Taxes are not imposed when contributions are made, but are imposed when benefits are paid out to participants, typically at retirement.

**tax withholding** – The amount of tax that the federal, state and local governments require that we deduct from your earnings.

**tax-qualified plan** – A plan that the IRS approves as meeting the requirements to receive tax advantages.

**triple tax advantage** – The triple tax advantage is that your HSA contributions are deposited on a pre-tax basis; the earnings grow on a tax-free basis; and your withdrawals are tax-free as long as they are used for qualified medical expenses.

**vesting/vested** – The process of earning years of service credit that entitle you to keep the plan benefits that your company has contributed on your behalf. All participants in the pension plan who are employed on June 30, 2008, are immediately vested

in the pension plan. Associates receiving company contributions to the 401(k) Savings Plan are vested when they have earned three years of service credit as defined in the plan. Generally, associates hired on or before September 1, 2005, already are considered vested for the 401(k) Savings Plan. (See “credited service.”)

**Web conferences** – Online presentations conducted through The Learning Center to educate associates, your spouses or financial advisers about the new approach. Please see the Web conference schedule in your packet and register in advance.

## About This Glossary

Please note that complete details and definitions regarding the provisions of your company’s retirement programs are contained in the plan documents. Plan documents are the official legal documents governing the operation and administration of your company’s plans. In all cases, the plan documents govern how your company’s plans work. If there is any discrepancy between this glossary and the plan documents, the plan documents are the controlling authority.

Nothing in this glossary should be construed to create or imply any contract of employment between an associate or the company. Your company reserves the right to extend, amend, suspend or terminate the retirement savings programs at any time.



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