



UPS 401(k) SAVINGS PLAN
INVEST IN YOURSELF

UPS 401(k) SAVINGS PLAN

Summary Plan Description

SEPTEMBER 1, 2023

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UPS 401(k) Savings Plan

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Revised February 1, 2024.

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The UPS 401(k) Savings Plan

The UPS 401(k) Savings Plan is subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The UPS 401(k) Savings Plan allows you to contribute on a pre-tax, Roth 401(k), or after-tax basis and may provide for you to receive matching contributions on a portion of your pre-tax, Roth 401(k) and/or after-tax contributions, in addition to other employer contributions, if you meet certain requirements. This summary plan description describes the way the Plan operates and serves as part of a prospectus for the UPS Stock Fund, an investment option in the Plan. This summary replaces and supersedes any other summary plan description or prospectus previously issued to you for this Plan. Information about your participation in the Plan can be obtained at upssavings.voya.com or 800-541-6154.

Your Responsibilities as a Participant

As an active employee or while on a leave of absence, you should ensure that you keep your address current. You may do this through [UPSers.com](https://upsers.com). Visit **myHR > Change my Data** to update your address in Workday. If you are a former employee, you need to keep your address current with Voya Financial®, the Plan’s recordkeeper, either by sending written notification or through the Plan’s access points. The term “access points” means the various ways you can access your account, including online or by phone. These are listed later in the section titled [Account Access](#) on page 21. See the [Change of Address](#) section on page 24 for more details.

You need to safeguard access to your Password used to access your account provided by Voya. You should not allow anyone to use your Password, even on your behalf. Neither UPS nor the Plan is responsible for any losses incurred as a result of someone using your Password.

About this Document

When used in this document, the term “Plan” describes the UPS 401(k) Savings Plan. Unless noted otherwise, this document generally describes the Plan as in effect on September 1, 2023. In describing the Plan, we have tried to avoid using the technical language of the actual Plan document, and we have tried to summarize complex provisions. If there is a difference between this document and the formal documents governing the Plan, the formal documents will take precedence.

Participation

Eligible Employees

You are eligible to participate in the Plan if you are classified as an Employee on the payroll of United Parcel Service of America, Inc. (“UPS”) or another affiliate of United Parcel Service, Inc. that participates in the Plan, and you actually receive United States source income for employment with such employer.

You are not eligible to participate in the Plan if you are:

- covered by the terms of a collective bargaining agreement, unless the agreement expressly provides for coverage under this Plan;
- a nonresident alien with no U.S. source income from UPS or an affiliated company; or
- eligible to make contributions under another 401(k) plan sponsored by UPS or an affiliated company.

Individuals who perform services for UPS or an affiliated company on a contract basis or under a leasing arrangement are not eligible to participate in this Plan.

UPS and UPS Affiliated Companies Participating in the Plan

The companies listed in [Appendix A](#) participate in the UPS 401(k) Savings Plan as of September 1, 2023.

The company you work for is shown on your paycheck (either by name or by that company’s unique employer identification number (EIN)). If you do not know your Employer Company, please contact the Human Resources Department. Additional companies participating in the Plan will be provided in updates to this Summary Plan Description. Updates called “Summaries of Material Modification” may be attached to this document from time to time and constitute a part of this document.

When You Can Begin Participating

Generally, as an eligible employee, you may participate in the Plan upon employment with UPS or a participating UPS affiliate company. Shortly after your employment date, you will be mailed your Password and directions on how to enroll. Your contributions will generally begin within two pay periods following your enrollment.

However, you may enroll immediately without a Password by accessing the Plan website at upssavings.voya.com. Select **Enroll without a Password** and follow the prompts to share your demographic information, make your contribution and investment choices. You will have the opportunity to view the Plan’s enrollment materials before making your elections.

You may also enroll by phone by calling **800-541-6154** Monday through Friday from 8 a.m. to 8 p.m. Eastern Time, except on days the stock market is closed. If you choose to enroll by phone, you will be prompted for your Social Security Number or Employee Identification Number in addition to your Password. You may also request enrollment materials. Participant Service Representatives are available for assistance.

You may also designate a beneficiary(ies) for your account online or over the phone. Your beneficiary is the person who will receive your account after you die. If you are married and designate someone other than your spouse as your primary beneficiary, you must do so using a beneficiary form with notarized consent from your spouse. Forms may be printed from the **Forms** section of the Plan website or requested over the phone. Written confirmation of your enrollment and elections will be sent to you following your enrollment to your address of record.

SmartStart Enrollment¹

Newly eligible employees in companies listed on [Appendix A](#) will automatically be enrolled as SmartStart Savers at a pre-tax contribution rate of 6% of eligible compensation, unless they self-enroll or opt out of automatic enrollment within 90 days of their employment/transfer date. Contributions will be invested in a qualified default investment alternative, which is the age-appropriate Target Date Fund based on your birthdate and a retirement age of 60. See the table below for details.

Birth Year	Target Date Fund
1957 or earlier	Bright Horizon Income Fund
1958 - 1962	Bright Horizon 2020 Fund
1963 - 1967	Bright Horizon 2025 Fund
1968 - 1972	Bright Horizon 2030 Fund
1973 - 1977	Bright Horizon 2035 Fund
1978 - 1982	Bright Horizon 2040 Fund
1983 - 1987	Bright Horizon 2045 Fund
1988 - 1992	Bright Horizon 2050 Fund
1993 - 1997	Bright Horizon 2055 Fund
1998 - 2002	Bright Horizon 2060 Fund
2003 and later	Bright Horizon 2065 Fund

The contribution percentage will be increased 1% annually (generally at the time of the annual merit increases in April and June) until it reaches 15% of eligible compensation. SmartStart Savers may change their contributions and/or investment elections, or stop making contributions, at any time. If changes are made to contribution rates and/or investment elections, or you take a hardship withdrawal, the automatic contribution rate escalation of 1% annually will be stopped.

Please refer to the section titled [Investment Options](#) for information about the Target Date Funds and the Core Funds because you have the right to invest in other Plan funds. Eligible employees may opt out of SmartStart Enrollment by accessing the Plan website, and clicking on **Enroll without a Password**, or by phone.

You should also refer to the [Expenses](#) section on page 23 to understand the fees associated with each investment option.

Transfer to a Non-Eligible Job Position or Termination

If you cease to be an eligible employee because of a change in your job position or termination of employment, your contributions to the Plan will end. However, you will still have the opportunity to direct your investments, and your account will be held as part of the Plan until you receive a distribution.

Reemployment

If you stop working for UPS or any of its affiliated companies and are later reemployed by UPS or an affiliated company in an eligible capacity, you will be eligible to participate in the Plan upon your reemployment. Please refer to the **SmartStart Enrollment** section above.

¹ Employees of Coyote Logistics, LLC are not eligible for SmartStart enrollment. If you are participating in SmartStart enrollment but become an employee of Coyote Logistics, LLC, you will retain your existing contribution level but the automatic increase will cease to apply.

CONTRIBUTIONS

Eligible Compensation for Participant Contributions

Most contributions to the Plan are based on your “eligible compensation” which includes all compensation or wages payable by reason of your employment with a participating company, except the following: payments from benefit plans (other than paid time off or discretionary days), amounts paid under incentive compensation plans (other than commissions and sales incentives), Managers Incentive Program (MIP) stock awards, International Managers Incentive Program (IMIP) stock awards, stock options, foreign services differentials, severance pay, expense reimbursements, grievance awards other than back pay, fringe benefits, miscellaneous compensation and tool allowance. Note that Sales Incentive Program (SIP) payments are considered to be eligible compensation.

If you are employed by Coyote Logistics, LLC, special rules apply. For example, some of your bonus compensation will be eligible for contributions to the plan, including your quarterly, annual, and/or bi-annual bonus, intercompany bonus, pod leader bonus, referral bonus, relocation bonus, retention bonus, sales/incentive bonus, sign-on bonus, spot bonus, and any other bonus designated as eligible by the Administrative Committee. Also, amounts you receive on Coyote Logistics, LLC payroll for your paid time off or discretionary days is eligible compensation to the extent that these amounts offset your normal wages or compensation.

Additionally, contributions to the Plan cannot be made from any disability or workers’ compensation payments. If you are on disability or workers’ compensation leave, your contributions to the Plan will resume when you return to work and begin receiving regular payroll checks. Differential wage payments paid to participants on military leave shall also be treated as eligible compensation. The law limits the amount of your eligible compensation that can be counted by the Plan, and for 2024 this limit is \$345,000.

If you make pre-tax and/or Roth 401(k) contributions to another 401(k) plan sponsored by UPS or one of its subsidiaries and the contributions are not matched, the contributions will be treated as pre-tax and/or Roth 401(k) contributions to the Plan and will be eligible for the Savings**PLUS** match, if you transfer to an eligible employee position before the end of the same plan year. However, if you were eligible for matching contributions in another UPS-sponsored plan, your eligible compensation for the Plan will be reduced by your eligible compensation under the other plan.

Summary of Contribution Options and Plan Limits

	Pre-Tax	Roth 401(k)	Regular After-Tax
Contribution Tax Treatment	Contributions reduce taxable income dollar-for-dollar, which may lower the taxes you pay today	No current tax savings; contributions are taxed when made before being sent to the Plan	No current tax savings; contributions are taxed when made before being sent to the Plan
Contribution Limits	<ul style="list-style-type: none"> • 1-50% of eligible earnings • 1-35% of eligible earnings for age 50 and over catch-up contribution Other Options, if Applicable: <ul style="list-style-type: none"> • 1-100% of Discretionary Day Payout • 1-100% of the MIP/IMIP Award • 1-100% of the SIP Bonus Totals not to exceed annual IRS limits		<ul style="list-style-type: none"> • 1-10% of eligible earnings <i>For UPSers with compensation less than \$150,000.</i>

More information about each of the contribution options is detailed on pages 6 and 7.

Pre-Tax Contributions

As a Plan participant, you may elect to contribute from 1-50% (residents of Puerto Rico may elect to contribute from 1-35%) of your eligible compensation (in increments of 1%) to the Plan on a pre-tax basis. Your pre-tax contributions are subject to the annual maximum dollar limit under applicable law as further described. If you elect to also make Roth 401(k) contributions, please note that the combination of pre-tax and/or Roth 401(k) contributions may not exceed 50% of eligible compensation. Income taxes on pre-tax contributions are deferred until your account is distributed — for example when you retire.

In addition, you may elect to defer on a pre-tax basis from 1-100% of your Discretionary Day payout, Sales Incentive Plan (SIP) Award or your MIP/IMIP Award, if applicable. If you elect to also make Roth 401(k) contributions from your Discretionary Day payout or SIP Award, please note that the combination of pre-tax and/or Roth 401(k) contributions may not exceed 100% of the payout. (The MIP/IMIP Award election is generally made on the Computershare website during the annual election period.)

Once you make an election to defer your SIP bonus payment or your Discretionary Day payout, the percentage you elect to defer will remain in place until you make a change. If you do not make this separate election, none of your SIP bonus or your Discretionary Day payout will be deferred into the Plan.

In determining how much you want to defer on a pre-tax basis, please note that you cannot defer more than the maximum dollar limit set each year by the Internal Revenue Service. For 2024, this dollar limit is \$23,000, (\$15,000 for Puerto Rico participants in 2023) and it applies to your deferrals for all 401(k) plans in which you participate. This dollar limit may be adjusted periodically by the IRS. If you elect to also make Roth 401(k) contributions, please note that the combination of pre-tax and/or Roth 401(k) contributions may not exceed the annual maximum set by the IRS. (See also the [Legal Limitations on Benefits](#) section on page 22 for other limits which may apply to you.)

Roth 401(k) Contributions

As a Plan participant, you may also elect to contribute from 1-50% of your eligible compensation (in increments of 1%) to the Plan on a Roth 401(k) basis. With Roth 401(k) contributions, you set money aside on an after-tax basis. Roth 401(k) contributions (and any associated earnings) can be distributed tax-free in retirement, assuming you meet certain requirements.² Please note that the combination of pre-tax and/or Roth 401(k) contributions may not exceed 50% of eligible compensation. Your Roth 401(k) contributions are subject to the annual maximum dollar limit under applicable law as described below. In addition, you may elect to defer on a Roth 401(k) basis from 1-100% of your Discretionary Day payout or your Sales Incentive Plan (SIP) award, if applicable. If you elect to also make pre-tax contributions from Discretionary Day payout or SIP award, please note that the combination of pre-tax and/or Roth 401(k) contributions may not exceed 100% of the applicable award. In determining how much you want to defer on a Roth 401(k) basis, please note that you cannot defer more than the maximum dollar limit set each year by the Internal Revenue Service. For 2024, this limit is \$23,000 and it applies to your deferrals for all 401(k) plans in which you participate. This dollar limit may be adjusted periodically by the IRS. If you elect to also make pre-tax contributions, please note that the combination of pre-tax and/or Roth 401(k) contributions may not exceed the annual maximum set by the IRS. (See also the [Legal Limitations on Benefits](#) section on page 22 for other limits which may apply to you.)

Note: Roth 401(k) contributions are not available in Puerto Rico.

² Generally, for the distribution of earnings on Roth 401(k) contributions to be distributed tax free, you have to wait at least five years after making your first Roth 401(k) contribution before taking a withdrawal, and your withdrawals must begin after you have reached age 59½, you have died, or you have become disabled. If your withdrawal does not meet these qualifications, your accumulated Roth 401(k) earnings — but not your Roth 401(k) contributions — will be taxed, and may be subject to a 10% early distribution penalty if you have not reached age 59½.

After-Tax Contributions

In addition to your pre-tax and/or Roth 401(k) contributions, the Plan accepts after-tax contributions from 1-10% of your eligible compensation. After-tax contributions are held in a separate after-tax contribution account established on your behalf. The contributions you make on an after-tax basis will be taxed before they go into the Plan. Only the earnings on your after-tax contributions will be taxed when you receive a distribution.

UPSers earning more than \$150,000 a year (based on eligible compensation from the previous year) will no longer be eligible to make after-tax contributions in the 401(k) Plan to ensure total contributions do not exceed IRS limits. Even if your future eligible compensation falls to \$150,000 or less, this restriction will remain in place.

No Participant may contribute more than \$19,000 in after-tax contributions in any Plan Year.

For additional flexibility, you will be able to make separate investment elections for your future after-tax contributions.

Catch-Up Contributions

You are eligible to defer catch-up contributions beginning in January of the year in which you will turn age 50. You may choose to defer from 1-35% of your eligible compensation on a pre-tax and/or Roth 401(k) basis, or any combination of the two, up to 35%. You may also defer up to 100% of your MIP/IMIP Award as a catch-up contribution on a pre-tax basis. The maximum catchup contribution is \$7,500 for 2024 and maximum catch-up contribution may be adjusted periodically by the IRS. Catch-up contributions are not matched.

Puerto Rico participants may elect pre-tax catch-up contributions of 1-35%, up to \$1,500 in 2023, and beyond.

You may elect the amount of catch-up contributions you want to contribute through any of the Plan's access points (see page 21).

Changing Your Contribution Percentage

After you elect your initial contribution percentage(s) or you are automatically enrolled, you may increase or decrease your contribution percentage(s) at any time.

If you are automatically enrolled or part of the automatic deferral escalation group, your contribution percentage may be automatically increased annually unless you elect to change it, as described under [SmartStart Enrollment](#) on page 4.

Savings**PLUS** Match

You may be eligible to receive a Savings**PLUS** matching contribution on your pre-tax, Roth 401(k) and/or after tax contributions.

You must be eligible to participate in the Plan for at least one day during the quarter in order to receive the Savings**PLUS** match at the end of that quarter; however, you do not have to be employed at the end of the quarter to receive the Savings**PLUS** match. [Appendix B](#) to this Summary Plan Description describes the matching contribution. Catch-up contributions are not eligible for a Savings**PLUS** matching contribution.

The Savings**PLUS** match is made in the form of cash. This cash will be automatically invested in accordance with your current investment elections. You may change the investment of your account at any time (subject to the UPS insider trading policy).

³ The 2023 Transition Contribution Eligible Compensation also includes the value of the ownership incentive award under the MIP or IMIP.

Eligible Compensation for the Savings**PLUS** Match

Eligible compensation for purposes of calculating your Savings**PLUS** match is generally the same as eligible compensation for determining your eligible pre-tax contributions (refer to page 5 for a description of eligible compensation). Although the MIP/IMIP Award payable in cash may be deferred, it is not considered eligible compensation when determining eligible Savings**PLUS** matching contributions.

If you make pre-tax and/or Roth 401(k) contributions to another 401(k) plan sponsored by UPS or one of its subsidiaries and those contributions are not matched, those contributions will be treated as pre-tax contributions to the Plan, and will be eligible for the Savings**PLUS** match if you transfer to an eligible employee position before the end of the same plan year. However, if you were eligible for matching contributions in another UPS-sponsored plan, your eligible compensation for the Plan will be reduced by your eligible compensation under the other plan.

UPS Retirement Contribution

For eligible employees, UPS will make a cash contribution automatically to an employee's 401(k) account after the end of each year. The UPS Retirement Contribution is a service-based contribution, meaning the percentage that UPS contributes increases with the number of years of service you have with UPS.

UPS will generally make this contribution as soon as administratively practicable after December 31. As long as you are employed during the year by a UPS Employer Company that participates in the UPS Retirement Contribution, you can receive a contribution for the year. However, if you leave employment or are transferred to a UPS Employer Company that does not participate, your UPS Retirement Contribution will only reflect the portion of the year that you were employed by a participating UPS Employer Company.

This cash will be automatically invested in accordance with your current pre-tax investment elections. Unlike the Savings**PLUS** match, this contribution is received regardless of your own contributions.

Employees are 100% vested in the UPS Retirement Contribution after three complete years of service, or reach age 62, if earlier.

Some UPS Employer Companies do not participate in the UPS Retirement Contribution. [Appendix C](#) to this Summary Plan Description describes the UPS Retirement Contribution applicable to each participating employer company.

UPS Transition Contribution

Beginning January 1, 2023, some participants will be eligible for a new contribution, called the UPS Transition Contribution.

In order to be eligible for the UPS Transition Contribution, all of the following must be true as of December 31, 2022:

- (A)** You must have been a Participant in the UPS Retirement Plan,
- (B)** You must have been actively accruing a benefit under a Final Average Compensation Formula in the UPS Retirement Plan,
- (C)** You must not have been accruing a Portable Account Benefit under the UPS Retirement Plan,
- (D)** You must not have been employed by an RPA-5 Employer Company identified on Appendices F-3, F-4, and F-5 in the UPS Retirement Plan (and not be a Grandfathered Participant in the UPS Retirement Plan), and
- (E)** Your Final Average Compensation Formula accruals must have been frozen under the UPS Retirement Plan on December 31, 2022.

If you meet all of (A) through (E) above, you will be eligible for the UPS Transition Contribution beginning January 1, 2023. However, if you terminate employment, you will cease to be eligible for the UPS Transition Contribution, even if you are later rehired. You will also cease to be eligible for the UPS Transition Contribution if you transfer from eligible status to ineligible status.

The UPS Transition Contribution Eligible Compensation for each Participant who is an Eligible Employee includes (1) the Eligible Compensation under the UPS 401(k) Savings Plan plus (2) the Participant’s annualized salary used in calculating the amount of his or her UPS Management Incentive Program (“MIP”) or the International Management Incentive Program (“IMIP”) award times the Participant’s actual MIP/IMIP target percent (not to exceed 34% times the MIP/IMIP Factor)³. The MIP/IMIP Factor means the MIP Factor as defined in the MIP. The value of an award under the MIP or IMIP in any Plan Year shall be equal to the gross amount (in U.S. dollars) of the award transferred to or on behalf of the Participant in that Plan Year without regard to whether the award is paid in cash, shares of Class A common stock, restricted performance units, or deferred under another retirement plan subject to the 34% limit described above. In the case of both (1) and (2) above, only amounts attributable to a period for which the Participant is employed as an Employee by an Employer Company that participates in the UPS Transition Contributions shall be counted as UPS Transition Contribution Eligible Compensation.

If you are eligible for the UPS Transition Contribution, UPS will make a cash contribution automatically to your 401(k) account shortly after the end of each year. The amount of the contribution is based on the calendar year, as shown in the following table:

Calendar Year	% of Eligible Transition Contribution Compensation Contributed by UPS
2023 – 2027	5%
2028+	7%

The UPS Transition Contribution will be automatically invested in accordance with your current pre-tax investment elections.

Unlike the Savings **PLUS** match, the UPS Transition Contribution is received regardless of your own contributions (similar to the UPS Retirement Contribution).

UPS will generally make this contribution as soon as administratively practicable after December 31. As long as you are employed during the year by a UPS Employer Company that participates in the UPS Transition Contribution, you can receive a contribution for the year. However, if you leave employment or are transferred to a UPS Employer Company that does not participate, your UPS Transition Contribution will only reflect the portion of the year that you were employed by a participating UPS Employer Company.

All Employer Companies shall participate in the UPS Transition Contribution, with the exception of those identified as not being Employer Companies on [Appendix A](#). You will be immediately 100% vested in the UPS Transition Contribution.

Participants who otherwise satisfy the eligibility requirements to receive UPS Transition Contributions and who have Eligible Compensation of \$240,000 or more as of the last day of the immediately preceding Plan Year shall not receive UPS Transition Contributions in the UPS 401(k) Savings Plan, but will receive them in the UPS Restoration Savings Plan. If such a Participant’s Eligible Compensation falls below \$240,000 in subsequent Plan Years, he or she will still continue to receive UPS Transition Contributions in the UPS Restoration Savings Plan.

Rollovers from Other Qualified Plans

The Plan accepts pre-tax rollovers from other qualified plans after you become eligible to participate and enroll in the Plan. You may make a rollover contribution to the Plan at any time while you remain a UPS employee and maintain an account balance in the Plan. In addition, you may make a rollover contribution to the Plan following your termination of employment with UPS and all its affiliated companies, provided your total account balance is at least \$5,000. The Roth 401(k) contribution account will be treated like a separate plan for purposes of determining the \$5,000 account balance.

³ The 2023 Transition Contribution Eligible Compensation also includes the value of the ownership incentive award under the MIP or IMIP.

If you receive a single sum or other eligible rollover distribution from another qualified retirement plan, you may instruct the trustee of that plan to transfer all or a portion of your distribution directly to the Plan. If you receive your eligible rollover distribution directly, you may roll over that distribution into the Plan provided you do so within 60 days of your receipt of the distribution.

You may also transfer any eligible rollover distributions held in a “conduit” individual retirement account (“IRA”) into the Plan by instructing your IRA trustee to transfer all or a portion of your account balance to the Plan. (A “conduit” IRA is an IRA that holds only the assets previously distributed from a qualified plan or plans in which you were a participant, plus earnings on those assets. No other contributions may have been made to a conduit IRA.) If you receive a distribution from your conduit IRA account directly, you may roll over these funds into the Plan, provided you do so within 60 days of your receipt of the distribution. Rollover contributions made to the Plan must be made in cash. The Plan cannot accept stock in a rollover contribution. Roth contributions may not be rolled over into the Plan.

Your rollover contribution will be held in a separate rollover contribution account established on your behalf and will be invested in accordance with the investment instructions on file at the time the rollover contribution is made, or if you elect, in accordance with the specific instructions you provide as to the investment allocation of your rollover contribution. You may obtain the forms needed for a rollover through the **Forms** section online or through the phone.

Plan Account

Your contributions are credited to an individual account established and maintained for you as a Plan participant. Your pre-tax, Roth 401(k) and after-tax contributions will be deposited in the Plan as soon as practicable following each pay period. If you are eligible for a Savings**PLUS** matching contribution, it will generally be credited to your account as soon as administratively practicable after the end of the Plan quarter. If you are eligible for an annual UPS Retirement Contribution or UPS Transition Contribution, it will generally be credited to your account as soon as administratively possible following the end of the Plan year. You can obtain information regarding your account balance at any time through any of the Plan’s access points (see page 21).

Effect on Other Benefits

Even though your taxable income is reduced when you contribute on a pre-tax basis to the Plan, the amount of your pre-tax contributions will be considered to determine your other pay-related benefits (e.g., life insurance benefits, retirement benefits, etc.). Other benefits provided outside the Plan are not affected by your contributions to the Plan.

Vesting

Your contributions, UPS Transition Contributions and the Savings**PLUS** matching contributions are fully vested at all times. That means, no matter how long you stay with UPS or any of its affiliated companies, you will be entitled to the full value of your account when you leave.

Employees become 100% vested in the UPS Retirement Contribution only after three complete years of service, or reach age 62, if earlier, meaning you may forfeit these funds if you leave UPS before completing three years of service. The method for calculating years of service is discussed on page 8 under [UPS Retirement Contribution](#).

Investment Options

The Plan allows you to choose among a number of investment options selected by the Administrative Committee, including UPS stock. You need to decide how to invest your contributions. The Plan has options for many types of investors — from target date funds to core funds to a brokerage account option. Please refer to the fund fact sheets for details on each available investment option, including its principal objectives, and risk and return characteristics.

Investment Lineup

Target Date Funds

Birth Year	Target Date Fund
1957 or earlier	Bright Horizon Income Fund
1958 - 1962	Bright Horizon 2020 Fund
1963 - 1967	Bright Horizon 2025 Fund
1968 - 1972	Bright Horizon 2030 Fund
1973 - 1977	Bright Horizon 2035 Fund
1978 - 1982	Bright Horizon 2040 Fund
1983 - 1987	Bright Horizon 2045 Fund
1988 - 1992	Bright Horizon 2050 Fund
1993 - 1997	Bright Horizon 2055 Fund
1998 - 2002	Bright Horizon 2060 Fund
2003 and later	Bright Horizon 2065 Fund

Core Funds

Asset Class	Fund Name
SHORT-TERM	Government Short-Term Investment Fund
	Stable Value Fund
BOND	U.S. Bond Index Fund
MULTI-ASSET	Strategic Real Asset Fund
STOCK	U.S. Large Cap Equity Index Fund
	U.S. Small/Mid Cap Equity Index Fund
	International Developed Country Equity Index Fund
	MSCI Emerging Markets Index Fund
	UPS Stock Fund

For more information about any of the investment options, please refer to the fund fact sheets on the Plan website in the **Investments & Research** section.

The Plan is intended to conform with the requirements of Section 404(c) of ERISA. Based on this ERISA section, the Administrative Committee, the Trustees, and Plan's investment managers may be relieved of liability for any losses that are the direct and necessary result of the investment instructions you give with respect to your Plan account. It is important that you make an informed decision regarding your investment options.

This document also explains how to make your initial investment decision, how and when you can make investment changes and describes how you can obtain additional information regarding the investment opportunities described herein. Unless noted otherwise, the Plan assesses no transaction fees or charges when you select from among the available investment options, or when you make investment changes, although different investment companies may charge fees, including fees for changes in investment options. A separate fee disclosure notice will describe other fees and expenses associated with the various investment options offered under the Plan.

Please note that the Administrative Committee, the Plan Trustees, and the investment managers provide information concerning the Plan's investment options, but do not make recommendations. You must make your own investment allocation decisions. You may wish to consult a professional investment advisor regarding your individual financial situation and which investment option or options may be best for you. See page 15 for information regarding support available from Voya Retirement Advisors, LLC.

Please note that there may be an occasion when the Administrative Committee determines that it is necessary to add, change, or remove an investment option. When this occurs, you will be provided with a notice based on your communication preference — electronic or paper — to your preferred address on file with the Plan within a reasonable period of time before the effective date of the fund transfer. You will not only be informed of the change, but given an opportunity to take action regarding your investments. In the absence of your taking action, the Administrative Committee may change your investments on your behalf. Each option has a different combination of potential risk and reward characteristics. Fund information, expense information and current rates of return are available through any of the Plan's access points. The choices you make should be based on your particular investment objectives including the degree of risk you are willing to tolerate.

Available Information

In order to assist you in selecting from among the Plan's investment options, additional information is available through the Plan's access points (see page 21).

The following information is provided automatically, and is also available upon request, based on the latest information available to the Plan:

- A description of the investment options available under the Plan and a general description of the investment objectives, risk and return characteristics of such an investment;
- Identification of any designated investment managers, an explanation of the circumstances under which you or your beneficiaries may give investment instructions and an explanation of any specified limitations on such instructions under the terms of the Plan;
- A description of any transaction fees and expenses which will affect your account balance, or the account balance of your beneficiary(ies), in connection with the purchase or sale of interests in investment options;
- The name, address and phone number of the Plan fiduciary responsible for providing information;
- A description of the procedures established to provide for the confidentiality of information relating to the purchase, holding and sale of share of UPS class A common stock, and the exercise of voting, tender and similar rights, by you or your beneficiary(ies), and the name, address and phone number of the Plan fiduciary responsible for monitoring compliance with these procedures;
- In the case of an investment alternative which is subject to the Securities Act of 1933, a copy of the most recent prospectus provided to the Plan; and
- Any materials provided to the Plan relating to the exercise of voting, tender or similar rights which are incidental to the investment in an investment option under the terms of the Plan.

The following information is provided upon request, based on the latest information available to the Plan:

- A description of the annual operating expenses of each investment fund, such as investment management fees, administration fees and transaction costs, that affect the fund's rate of return expressed as a percentage of the average net assets of the particular investment fund;
- Copies of prospectuses, financial statements and reports relating to an investment alternative, to the extent such information is provided to the Plan;
- Information concerning the value of shares or units in designated investment alternatives under the Plan, as well as past and current investment performance of such alternatives, determined, net of expenses, on a reasonable and consistent basis.

You can also review current and historical rate of return information with respect to all investment options, as well as, information regarding the value of the investment alternatives in your own Plan account.

The Importance of Diversification

To help achieve long-term retirement security, you should carefully consider the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of loss. This is because market or other economic conditions can cause one category of assets, or one particular security, to perform poorly at any time. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified.

Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk. In deciding how to invest your retirement savings, you should take into account all of your assets, including retirement savings outside of the Plan. No single approach is right for everyone because among other factors, individuals have different financial goals, different time horizons, and tolerances for risk. It is also important to review periodically your investment portfolio, your investment objectives and the investment options under the Plan to help ensure that your retirement savings will meet your retirement goals. Visit the Plan website or the [Employee Benefits Security Administration website](#) for more information on individual investing and diversification.

Your pre-tax, Roth 401(k), after-tax, rollover contributions, Savings**PLUS** match, UPS Retirement Contribution (if eligible), and UPS Transition Contribution (if eligible), credited to your Plan account, may be invested in one or any combination of the funds. Investment allocations must be made in 1% increments. You may change your investment options on a daily basis, if you wish, either by transferring your current account balance or redirecting your future deferrals, or both. To make your investment changes, use one of the Plan's access points (see page 21).

Please note the following:

- Your investment change or transfer request will be implemented as soon as practicable after your request is received. Regardless of which Plan access point you use, any changes you make will be confirmed by email/mail based on your user preferences. If you have elected eDelivery, your confirmations will be sent to your mailbox on the Plan website. However, implementation of your request will be subject to any limitations of the investment option you select, which may include additional fees or restrictions in some cases.
- Account activity is updated and recalculated every business day. Any activity in your account — a change in investment elections or fund transfers — is posted to your account at the end of each business day. This means that you can always know where your account stands on any given day.
- In order to use the Self-Directed Brokerage Account (described on page 14), you must have a minimum account balance of \$3,000 (excluding loans). The initial transfer of \$2,500 is required and subsequent transfers must be at least \$1,000. Additionally, \$500 must remain invested in target date and/or core funds following each transfer.

UPS Stock Fund

The UPS Stock Fund is an investment option in the Plan. It is intended that the UPS Stock Fund be 100% invested in shares of UPS class A common stock at all times. UPS has filed with the Securities and Exchange Commission a registration statement that registers the offering of up to 30 million shares of UPS's class A common stock in connection with the Plan. The Company reserves the right to register additional shares as needed. Voting rights (including tender rights) on UPS stock held in the Plan will be passed directly through to Plan participants.

Even though the UPS Stock Fund is invested in shares of UPS class A common stock, the return of this fund is based on the performance of UPS class B common stock. This fund does not represent a diversified equity portfolio as the fund is only invested in one stock. It is generally more risky to invest in a single stock than a diversified portfolio of stock. See the UPS Stock Fund fact sheet for historical performance which can vary significantly over certain periods of time.

Buying, Selling and Directing Contributions to UPS Stock

Shares will be sold on the open market at various times throughout the business day at no cost to participants. As a result, the share selling price will be the average price of all UPS Stock Fund shares sold through the Plan that day. Only one transaction per Participant involving the purchase or sale of UPS stock will be permitted each business day. Any account transaction that may result in the sale of UPS stock will have a cutoff time of 3:30 p.m. Eastern Time and may not be cancelled. If the transaction does not result in the sale of UPS stock, the cutoff time will still be at 3:30 p.m. Eastern Time.

Participants will not be allowed to purchase UPS stock in the UPS Stock Fund within five (5) business days of the dividend record date. The restriction does not apply to share transactions through regular payroll contributions, loan repayments, the advisory services offered by Voya Retirement Advisors, LLC, or shares acquired as a result of the UPS Savings**PLUS** matching contributions prior to January 1, 2023.

Note that all purchases and sales of UPS common stock by all participants (including the purchase of shares of UPS class B common stock through a Self-Directed Brokerage Account) are subject to the UPS Insider Trading Guidelines. This includes the timing of when elections are made to defer all or a portion of your contributions directly to the UPS Stock Fund. If you are an employee in Trading Groups 2, 3 or 4, you need to verify that the trading window is open before you make any transactions regarding UPS stock. Please contact the Administrative Committee for more details on Trading Groups and the UPS Insider Trading Policy.

Delegation of Authority to an Investment Manager

UPS employees in all Trading Groups (other than Trading Group 4) may have transactions in UPS securities executed on their behalf, if the transactions are executed pursuant to a written plan to delegate investment authority to Voya Retirement Advisors, LLC (VRA), which will make trading decisions without further input from the employee making the delegation. These transactions may then occur without satisfying the trading window and pre-clearance requirements and even at a time when the employee may possess material non-public information, any such delegation shall satisfy the following requirements:

- The delegation can only be made at a time when the employee does not possess material, non-public information and, for persons in Trading Groups 2 and 3, when the trading window is open.
- The delegation complies with the following:
 - (a) the first transaction in UPS securities will be made in conformity with standard processing guidelines between VRA Investment Advisor Representatives and Financial Engines, (b) after delegating investment authority, an employee may not separately transact in any UPS securities in the account covered by the delegation for a minimum of 180 days, including the 180-day period following termination of the employee's delegation with VRA. The delegation does not permit the employee to exercise any subsequent influence over how, when or whether to effect transactions in the UPS securities, and (d) after terminating a delegation, an employee may not delegate investment discretion for the account to any investment manager for at least 180 days.
- Members of Trading Group 3 must obtain pre-clearance before delegating investment discretion.
- Upon termination of the delegation to VRA, employees will be responsible for complying with all applicable trading restrictions.

UPS Stock Fund Dividend

When a dividend is declared on UPS stock, the total value of the dividend will be placed into the participant's UPS Stock Fund as additional shares of class A UPS stock. To be eligible for the dividend payment a participant must hold the shares of UPS stock in the UPS Stock Fund through the close of business (4 p.m. Eastern Time) on the dividend record date. If the UPS Stock is not held at the end of such day, there will be no dividends provided.

Self-Directed Brokerage Account⁴

The Self-Directed Brokerage Account (SDBA) is the brokerage option in the Plan for experienced investors who want to invest in individual stocks, bonds, mutual funds, and exchange-traded funds. Unlike the other investment options that are managed (either actively or passively) by a professional manager, the SDBA is managed by you.

In order to invest in an SDBA, you must have a total account value of at least \$3,000 in the target date and/or core funds. The initial transfer into your SDBA must be \$2,500 or more and you must leave a minimum of \$500 in target date and/or core funds immediately following each transfer to the SDBA. Once the initial transfer to an SDBA has been made, there is a \$1,000 minimum for subsequent transfers.

An enrollment application for a SDBA is available online or over the phone. You may set up either a pre-tax SDBA account, a Roth 401(k) SDBA account or both types of accounts. Each account will incur separate fees.

SDBA Trading Restrictions

You may not invest your SDBA in foreign stocks, limited partnerships, commodities, futures, options, tax-free bonds, tax-free bond funds, precious metals, over the counter bulletin board stocks (OTCBBs) or master limited partnerships (MLPs). You may not engage in short selling (selling securities that are not held in your SDBA) or trading on margin (borrowing money and using securities in your SDBA as collateral).

⁴ **Brokerage services are available through Schwab Personal Choice Retirement Account® (PCRA) from Charles Schwab & Co., Inc. (Member SIPC).** ©2023 Charles Schwab & Co., Inc. All rights reserved. Charles Schwab & Co., Inc. and Voya Financial are not affiliated and are not responsible for the products and services provided by the other.

Further, the amount in your SDBA will not be available for loans or withdrawals. If you wish to increase the amount available for loans or withdrawals, you may transfer funds from your SDBA to the target date and/or core funds. Distributions due to a separation from service from UPS and all affiliated companies may be received as an in-kind distribution of the actual securities held in your SDBA or as cash.

You may be required to enter into a separate service agreement with the SDBA administrator in order to participate in the SDBA. UPS does not review individual participant services agreements, so you may wish to consult your own independent legal advisor concerning your rights and obligations under the services agreement.

Voya Retirement Advisors, LLC⁵

401(k) Plan savings and investment support is available through investment advisory services offered by Voya Retirement Advisors, LLC (VRA). VRA, powered by Edelman Financial Engines®, offers you two ways to get the assistance you need.

- **Online Advice:** a “do-it-yourself” resource available at no additional cost to you and accessed through your Plan account. Online Advice is designed for people who want to actively manage their own 401(k) Plan savings and investing decisions.
- **Professional Management⁶:** a “do-it-for-me” fee-based program designed for people who want to partner with VRA for ongoing 401(k) account management. VRA will work with you to create and implement a personalized savings and investing plan, then monitor and manage the plan for you. Professional Management fees are blended and based on a percentage of your account balance and charged monthly.

Once you have enrolled in the 401(k) Plan, you can use the advisory services to develop your strategy to help you work towards your financial goals. You can also speak with a VRA Investment Advisor Representative for additional information or support over the phone.

You may be required to enter into a separate service agreement with VRA in order to participate in the Professional Management program. UPS does not review individual participant services agreements, so you may wish to consult your own independent legal advisor concerning your rights and obligations under the services agreement.

⁵ **Advisory Services provided by Voya Retirement Advisors, LLC (VRA).** VRA is a member of the Voya Financial (Voya) family of companies. For more information, please read the Voya Retirement Advisors Disclosure Statement, Advisory Services Agreement and the 401(k) Plan’s Advisory Services fact sheet. These documents may be viewed online by accessing the advisory services link(s) through the Plan website at uppsavings.voya.com. You may also request these from a VRA Investment Advisor Representative by calling the Information Line at **800-541-6154**. Financial Engines Advisors L.L.C. (FEA) acts as a sub advisor for Voya Retirement Advisors, LLC. FEA is a federally registered investment advisor and wholly owned subsidiary of Edelman Financial Engines, LLC. Neither VRA nor FEA provides tax or legal advice. If you need tax advice, consult your accountant or if you need legal advice consult your lawyer. Future results are not guaranteed by VRA, FEA or any other party and past performance is no guarantee of future results. Edelman Financial Engines® is a registered trademark of Edelman Financial Engines, LLC. All other marks are the exclusive property of their respective owners. FEA and Edelman Financial Engines, L.L.C. are not members of the Voya family of companies. © 2023 Edelman Financial Engines, LLC. Used with permission.

⁶ To enroll in Professional Management, you may be required to enter into a services agreement with VRA. UPS does not review individual participant services agreements. You should consider seeking your own independent legal advice regarding your rights and obligations under the services agreement.

Annual fees are based on a percentage of your account balance: 0.23% of your account balance each year. Fees are deducted on a monthly basis.

Hardship Loans

You may borrow up to 50% of your account balance in the Plan (excluding any amount invested in Roth 401(k) contributions, your Savings**PLUS** match, your UPS Retirement Contribution (if eligible), your UPS Transition Contribution (if eligible), the UPS Stock Fund or your SDBA), for any purposes listed below. However, the maximum hardship loan amount may not exceed \$50,000 reduced by the excess, if any, of (a) minus (b), where (a) equals your highest outstanding loan balance in the 12-month period preceding the date of the loan across any UPS sponsored defined contribution plan in which you participate and (b) equals the outstanding balance of the previous loans from the Plan on the date of the new loan. You may elect to receive your loan distribution either in the form of a paper check mailed to you, or an ACH direct deposit (Automated Clearing House is a type of electronic payment, also known as “ACH”).

Application for a hardship loan may be made only for the following purposes:

- Purchase of your principal residence.
- Payment of tuition and related educational fees, including room and board expenses, for the next 12 months of post-secondary education for yourself, your spouse or dependents. Post-secondary education is education which is neither part of, nor leads to, obtaining a high school diploma.
- Payment of unreimbursed medical expenses incurred in connection with medical care for yourself, your spouse or any of your dependents. You may also borrow from the Plan in order to obtain funds necessary to secure medical care for yourself, your spouse or any of your dependents.
- Payment to prevent eviction from or foreclosure on your principal residence.
- Payment of expenses in connection with the adoption of a child.
- Payment of unreimbursed funeral expenses for a spouse of a participant or deceased child, parent, step-parent, brother, sister, grandparent or grandchild of the participant or the participant’s spouse.
- Payment of expenses for the repair of the damage to your principal residence that would qualify for the casualty deduction for federal income tax purposes.
- Payment to support an immediate and heavy financial need.

The minimum hardship loan amount is \$1,000. If you wish to increase the amount available for loans, you may transfer money available for a loan from the UPS Stock Fund or your SDBA to the target date funds and/or core funds. The interest charged on a hardship loan is 1% above the prime rate as published in the Wall Street Journal on the last business day of the month preceding the month in which the loan application is made. The interest rate will remain fixed for the term of the loan.

The maximum loan term is five years in the case of a non-residential loan and 15 years in the case of a residential loan. A loan may be prepaid in full, by a single sum payment, without penalty at any time. There is a \$50 processing fee in connection with a hardship loan. You may apply for a second loan while a first loan is outstanding, provided that repayment on the first loan is being made in a timely manner. No more than two loans may be outstanding at any one time. Special rules may apply in connection with an acquisition or another employer or the merger of another plan with the Plan. If a loan is defaulted, it will be treated as a distribution from the Plan and you will be responsible for any applicable taxes or penalties. You may not receive another loan from the Plan, unless the defaulted loan is repaid (it will, however, still be considered as a distribution).

Hardship loan repayments must be made through payroll deductions while you are actively employed. If you are on an approved leave of absence (other than a military leave), you may continue payments on your hardship loan by sending a bank check or money order (no personal checks) to Voya in the exact amount of your loan payment or any multiples thereof, for deposit into your Plan account. Participants may also choose to make payments directly through ACH. Additionally, when you terminate employment, your loan will be subject to default unless it is repaid in full immediately. However, you have the option to prevent default by self-paying your loan through ACH.

In order to utilize ACH for loan repayment, participants must add their ACH information through the Plan website. Loans for participants who are on a leave of absence or are terminated and that elect to use the recurring payment option through ACH, will be reamortized to a monthly payment frequency. Your loan payments may also be suspended for up to 12 months of your leave. If you choose to suspend your loan payments, upon your return to work, the loan will be reamortized using the original interest rate and your original pay off date.

Please note that this will cause your loan payment to increase, sometimes substantially. If you do not return to work after 12 months but continue to be on an approved leave of absence, your loan will be reamortized and you will be required to make payments directly to Voya Financial, or your loan will be defaulted.

If you are on a military leave of absence, your hardship loan payments will be suspended for the length of the military leave, unless you choose to make payments. Your loan will accrue the lesser of the then current interest rate or 6% during the length of your leave. Upon your return to work, the loan will be reamortized. The term of your loan will be extended by the length of your military leave once you return to active employment.

If a loan payment is not received by payroll deduction (for example, if you do not receive a paycheck for one or more pay periods), you are responsible to make the loan payment to Voya directly by bank check, money order or ACH. Voya will notify you if a loan payment is missed. Loan repayments should be made payable to Bank of New York Mellon as Trustee, and sent to Voya Financial, UPS 401(k) Savings Plan Administration, P.O. Box 990071, Hartford, CT 06199. Even when you no longer work for UPS or any of its subsidiaries, loans must be repaid in full or will be treated as a distribution from your account. If you fail to make any payment when due, an outstanding loan will be considered in default 90 days following the date of the missed payment. Hardship loans may be requested online or over the phone.

Withdrawals and Distributions

Lump Sum Distribution Upon Severance from Employment

After you retire or sever your employment with UPS and all affiliated companies, you may request a lump sum distribution of your Plan balance online or over the phone. Generally, your distribution will be processed within three business days after your request is received.

If your account balance on your severance date is equal to or greater than \$5,000, you have options:

- Have your savings paid to you in monthly installments⁷
- Request a partial distribution⁷
- Request a full distribution or rollover of your balance to another qualified retirement plan or IRA⁷
- Take your money in cash and/or as UPS stock (in-kind), called a lump sum distribution⁷
- Leave your account balance in the Plan

If your account balance is less than \$5,000, you may request a rollover or distribution. If you do not make an election within 90 days and your balance is:

- **Between \$1,000 and \$4,999:** it will be rolled over to a Voya Rollover IRA
- **Less than \$1,000:** it will be paid to you as a lump sum distribution

If your balance in the Plan is less than \$1,000 on your severance date and you do not request a distribution, your account balance will automatically be distributed to you in the form of a check mailed to your last known address, unless you elect an ACH (direct deposit) form of payment. **Note:** You may not elect to receive automatic distributions in the form of shares of UPS stock.

You should carefully review your distribution options under the Plan. This should include a review of how you intend to use the funds, both in the short-term and long-term.

The Plan offers a platform for investing that includes administrative and investment management fees that are usually lower than the fees for comparable retail products. In addition, the target date funds are designed to provide an investment allocation strategy extending beyond your severance date. Finally, the installment payment options described later provide a variety of distribution patterns that may meet your needs without taking a complete distribution from the Plan. However, no further contributions (other than rollovers) to your account will be permitted after you terminate employment. When you reach age 73, the Plan will calculate and distribute, if required, the Required Minimum Distribution that must be paid annually to terminated participants beginning on April 1 of the year following the year you turn age 73.

In the event of your death before you have received a distribution of your full account balance, your remaining account balance will be paid to your designated beneficiary as soon as practicable after the Administrative Committee is notified of your death. See [Designation of Beneficiary](#) on page 24.

⁷ Consult with your tax and legal advisors regarding your individual situation. If you are under age 59½, taking a distribution other than a rollover could require you to pay taxes and penalties. Mandatory 20% federal income tax withholding will be applied to cash distributions eligible for rollover which are not directly rolled over. State withholding will be applied as required by your state. Additional withholding may be requested. If you are not rolling your funds over, they may also be subject to a 10% early distribution penalty.

Partial Distribution Upon Severance from Employment

If your account balance is \$5,000 or more, after you retire or sever your employment with UPS and all affiliated companies, you may request a partial distribution of your account balance online or over the phone. Generally, your distribution will be processed as soon as administratively practicable after your request is received. You may elect to receive your payments either in the form of a paper check mailed to you, or an ACH direct deposit.

Installment Payments Upon Retirement

If your account balance is \$5,000 or more, you are eligible to receive monthly installment payments from the Plan following severance from employment at any time. Installments are wired to your bank account on the first business day of each month. Note that any portion of your account balance invested in the UPS Stock Fund or the SDBA may not be distributed in the form of an installment.

You may choose the number of months you want to receive monthly payments with the minimum distribution period being one year. You may decide to stop receiving or resume installment payments at any time.

The amount of the monthly installment that you receive will be determined each month by dividing the value of your Plan account (excluding your UPS Stock Fund or SDBA balances, if any) by the number of months remaining in the installment period; or you may elect a specific dollar amount to be distributed monthly (excluding UPS Stock Fund or SDBA balances, if any). The minimum monthly payment that will be processed is \$50. If the amount of your payment falls below \$50, your installment payments will end and the remaining balance will be paid out in a lump sum.

Should you die prior to completion of your installment period, your spousal beneficiary may choose to continue the monthly payments or take a lump sum. All other beneficiaries will be required to take a lump sum.

You may also elect to receive your payments from the Plan (other than the UPS Stock Fund or SDBA, if any) in fixed monthly payments. You may select the amount you would like to receive each month as long as the period of payment is for 12 or more months, and the first payment is at least \$50. You may elect to stop such payments by notifying Voya.

An installment distribution package is available online or over the phone. You may elect to receive your payments either in the form of a paper check mailed to you, or an ACH direct deposit.

Distribution of UPS Stock from the Plan

Generally, a distribution from your UPS Stock Fund balance in the Plan will be made in the form of cash. However, you may request that the distribution be made entirely in whole shares of UPS class A common stock (fractional shares are distributed as cash). Note that, for logistical reasons, a distribution in the form of shares cannot be made through ACH (direct deposit).

Automatic distributions (for an account balance of less than \$1,000) from the Plan and hardship withdrawals will be made in the form of cash only.

In-Service Withdrawals

When you have reached age 59½, you may withdraw all or part of your pre-tax contributions and Roth 401(k) contributions (including any pre-tax contributions and/or Roth 401(k) contributions held in a merged account) from the Plan even if you are still working for UPS or an affiliated company. You may request distributions from all Plan funds pro-rata (excluding your SDBA balance), all Plan funds pro-rata (excluding the UPS Stock Fund or your SDBA balance), or only the UPS Stock Fund.

You may withdraw all or a portion of your after-tax contributions and rollover contributions, plus earnings, at any time and for any reason (including any pre-tax contributions and rollover contributions held in a merged account). In-service withdrawals can be requested online or through the phone. You may elect to receive your payments either in the form of a paper check mailed to you, or an ACH direct deposit.

Hardship Withdrawals

Prior to age 59½, you may withdraw all or part of your pre-tax contributions (including any pre-tax contributions held in a merged account) in the event of a hardship. The amount you may withdraw excludes earnings on your pre-tax contributions, your Roth 401(k) contributions, Savings **PLUS** match, any UPS Retirement Contribution (if eligible), any UPS Transition Contribution (if eligible), your UPS Stock Fund balance and SDBA balance. Hardship withdrawals are not eligible to be paid in the form of UPS class A common stock. You may elect to receive your hardship withdrawal either in the form of a paper check mailed to you, or an ACH direct deposit.

You may withdraw up to the amount necessary to meet your financial hardship, including amounts necessary to pay anticipated federal, state or local income taxes or penalties on your withdrawal.

Financial hardship is defined as a financial need arising from the following specific causes:

- Payment of unreimbursed medical expenses incurred in connection with medical care of yourself, your spouse or any of your dependents and amounts necessary for those individuals to obtain medical care.
- Payment of tuition and related educational fees, including room and board expenses, for the next 12 months of post-secondary education for you, your spouse, your children or your dependents.
- Cost of purchasing your principal residence (excluding mortgage payments).
- Cost of preventing eviction or foreclosure on your principal residence.
- Payment of burial or funeral expenses for a deceased parent, spouse, child or other dependent.
- Payment of expenses for the repair of the damage to your principal residence that would qualify for the casualty deduction for federal income tax purposes.
- Cost for the satisfaction of your federal tax levy. In this case, either you or the Internal Revenue Service (in the event of a tax levy) or an individual with authority to act on behalf of the Internal Revenue Service, may request such a withdrawal at any time (including after you reach age 59½). The hardship distribution will be made directly to the U.S. Treasury or other entity specifically identified in the federal tax levy and may apply to your entire account balance.

A hardship withdrawal package is available online or over the phone.

Hardship withdrawals may not be rolled over and therefore are not subject to mandatory federal tax withholding by the Plan. You will, however, be liable for payment of income taxes on the distribution. You may elect to have income taxes withheld by the Plan at the time of the distribution or you may waive this option. If you elect to have federal tax withheld by the Plan at the time of the distribution, 10% of the distribution will be automatically withheld for federal and state income taxes. Please note that an additional 10% excise tax may also apply to a hardship distribution if you are under age 59½. You are responsible for any tax consequences, and you should consider consulting your own tax advisor regarding the consequences of taking a distribution from the Plan.

Tax Consequences of a Distribution

Note that this section is provided for your convenience only and is not tax advice. Please consult your own individual tax advisor for personalized advice about your own individual circumstances.

Generally, before you receive a distribution from the Plan, you will receive a notice describing the tax consequences and informing you of the Plan's obligation to withhold 20% from your distribution (other than a hardship distribution) for federal income taxes. You do not have to pay federal income tax on the amount of your distribution transferred directly (called a "direct rollover") to:

- An individual retirement account or annuity, or
- A qualified employer-sponsored retirement plan that accepts rollover contributions.

Any direct rollover election you choose to make must be received by the Plan's recordkeeper prior to the date of your distribution.

If you are under age 59½ at the time of the distribution, you may also be required to pay a 10% federal excise tax on the full taxable amount of the distribution. You will be responsible for payment of the 10% federal excise tax, as well as any other tax consequences of your distribution.

In certain circumstances, the 10% federal excise tax on distributions may not apply. If you have any money in Roth 401(k) contributions and have not contributed Roth 401(k) contributions for at least 5 years and/or are under age 59½, the earnings for your Roth 401(k) distribution may be subject to taxation. You should consult with your tax advisor to determine if the 10% excise tax will apply to your distribution. For example, the 10% tax might not apply to pre-tax payments made to you after you separate from service with UPS or an affiliate during or after the year you reach age 55.

Finally, if you take a partial distribution from the Plan and have an after-tax account balance in the Plan, a pro-rata portion of the distribution will be treated as a return of your after-tax contribution and will not be taxable to you. A pro-rata portion of the earnings on your after-tax account will also be distributed and will be considered taxable income to you if you do not rollover the distribution.

Please note that the tax rules governing distributions from qualified retirement plans are complex. As a result, you should read the Special Tax Notice included as [Appendix D](#) of this document. A separate copy of the Special Tax Notice will also be provided to you when you request a distribution.

It is recommended that you consult a tax advisor before you make any elections with respect to your Plan benefits. UPS or the UPS affiliate making the contribution receives a current tax deduction for pre-tax contributions and matching contributions made to the UPS 401(k) Savings Plan.

Account Access



upssavings.voya.com



Voya Retire



800-541-6154



Participant Service Representatives and VRA Investment Advisor Representatives are available to assist you with questions and transactions between 8 a.m. and 8 p.m. Eastern Time, Monday through Friday, except on days the stock market is closed.

Legal Information

Legal Limitations on Benefits

No Plan benefit may be assigned, hypothecated, or pledged as collateral or security for a loan (other than a loan from this Plan), nor may any benefit be subject to your debts or to other legal obligations (other than, in limited circumstances, a lien for federal taxes).

However, a benefit may be assigned by the qualified domestic relations order (QDRO) of a court relating to alimony, child support or marital property rights. The Administrative Committee has developed a model QDRO form in the event there is a need to direct a QDRO to the Plan. You and your spouse or former spouse (or the representative of your child or other dependent) may obtain, without charge, a copy of the QDRO procedures and a model QDRO form from the UPS 401(k) Savings Plan, c/o UPS Corporate Retirement, 55 Glenlake Parkway, N.E., Atlanta, GA 30328.

Contributions to the Plan, as well as the other retirement plans in which you may participate, are subject to maximum limitations imposed by the Internal Revenue Code and regulations. As described in the section entitled [Pre-Tax Contributions](#) (see page 6) and [Roth 401\(k\) Contributions](#) (see page 6) there is a maximum annual amount you can contribute to the Plan on a pre-tax and/or Roth 401(k) basis. If your pre-tax and/or Roth 401(k) contributions exceed this annual limit, the excess amount (together with any attributable income) will be returned to you.

If your annual compensation causes you to be classified as highly compensated under Internal Revenue Service (IRS) rules, the IRS has placed limits on the amount of pre-tax contributions, Roth 401(k) contributions, Savings **PLUS** match and after-tax contributions that may be made on your behalf to the Plan. These limits are intended to ensure a balanced mix of participation among all eligible employees. If the IRS limits are exceeded, it may be necessary to make a corrective distribution at the end of the Plan year to those highly compensated employees for whom the excess contributions were made.

The Internal Revenue Code also imposes restrictions on the total amount that may be credited on your behalf for all retirement plans (including this Plan) in which you participate as a UPS or affiliated company employee. You will be notified if you are affected by these restrictions.

Claims Procedures

All complaints or claims concerning any aspect of the operation or administration of the Plan, including a claim for benefits must be directed to the Administrative Committee. A participant, beneficiary or authorized representative of a person making such a claim is called a claimant. Each claim for benefits must be filed with the Administrative Committee, in writing, within 12 months of the date benefit payments were requested to begin or the date of the action, or inaction, causing the claim for benefits. Within 90 days after the receipt of your claim, the Administrative Committee (or the committee designated for such purpose) will notify you of its decision, unless special circumstances require an extension of time. If an extension of time is required, the Administrative Committee will notify you of the extension in writing before the end of the first 90-day period. In no event may the extension be longer than 90 days from the end of the initial 90-day period. The extension notice will indicate the special circumstances requiring the extension of time and the date by which you can expect to receive a decision.

If the claimant is denied a benefit from the Plan, in whole or in part, the Administrative Committee will provide the claimant with written notice setting forth the following:

- (A) the specific reason for the denial;
- (B) the reference to the provisions of the Plan on which the denial is based;
- (C) an explanation of what additional information or material, if any, is needed to perfect the claim and why such information or material is needed;
- (D) a description of the Plan's appeals procedures and the applicable time limits, and
- (E) a statement of the right to bring a civil action under ERISA Section 502(a) following an adverse determination on appeal.

A claimant may appeal the Administrative Committee's decision by submitting a written request for review by the Administrative Committee within 60 days after the claimant receives the written notification denying the claim. Any such request should be accompanied by documents, records or other information in support of the appeal. In addition, the claimant may have reasonable access to, and copies of, all documents, records, and other information relevant to the claim, free of charge.

The Administrative Committee will review all relevant material, including any issues or comments submitted in writing by the claimant (regardless of whether such information was submitted or considered in the initial benefit determination), and will render a decision on the appeal of the denied claim for benefits shall ordinarily be made by the Administrative Committee at the next regularly scheduled meeting that immediately follows receipt of the request for review, unless the request for review is received within 30 days of such meeting date. In that case, the review will occur at the second regularly scheduled meeting following the Plan's receipt of the request for review. If an extension of time is required because of special circumstances, the Administrative Committee will provide the claimant with written notice of the extension describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. A benefit determination will be made no later than the third regularly scheduled meeting of the Administrative Committee following the Plan's receipt of the request for review. The decision of the Administrative Committee will be in writing and will include 1) specific reasons for the decision, 2) specific references to the pertinent Plan provisions on which the decision is based, 3) a statement that the claimant may request copies of all relevant documents, records and other information and 4) a statement of the right to bring an action under ERISA Section 502(a). If a claim for benefits is denied, the claimant cannot bring a lawsuit to recover benefits under the Plan unless the claimant has timely exercised all appeal rights available under the Plan's administrative claims procedures for a denied claim and the appeal(s) seeking benefits has been denied by the Administrative Committee on appeal.

No action at law or in equity to recover under this Plan shall be commenced later than one year from the date of the decision on review (or if no decision is furnished within 120 days of receipt of the request for review, one year after the 120th day after receipt of the request for review). Failure to file suit within this time period shall extinguish any right to benefits under the Plan.

Any action at law or in equity to recover under this Plan by a claimant relating to or arising under the Plan shall only be brought in the US District Court for the Northern District of Georgia, and this court shall have personal jurisdiction over any participant or beneficiary named in the action.

Account Statements

You will receive an annual statement for your Plan account that will include information on investment performance and Plan expenses. Statements may be customized and viewed at any time on the Plan website.

Additionally, if you invest in the Self-Directed Brokerage Account option, you will receive a separate statement summarizing your SDBA investments and activity on a monthly basis if you have activity, or on a quarterly basis if you do not have any activity.

Expenses

Investment management fees, asset custody expenses incurred in connection with managing the Plan's investments, and other fees are charged against the investment returns of the investment options to which they apply. Additionally, certain expenses incurred in administering the Plan are charged to participants' accounts on a per capita basis. Administrative fees may cover, for example, the cost of providing services through the Plan website, the Information Line and Participant Service Representatives, as well as the printing and mailing expenses for Plan communications and other expenses.

On an individual basis, a processing fee for a hardship loan will be deducted from that participant's account. You may view current fees on the Plan website, under **Investments & Research** or **Plan Details** tabs on the Plan website, or you may request the information over the phone. Included with your annual statement is an outline of investment management and asset custody fees, as well as the annual administrative fee and a summary of other fees that may be charged to your individual account.

The amount of expenses charged to your account is reflected in your annual statement. You may also view expenses charged to your account on the Plan website. Participants with a Self-Directed Brokerage Account pay all fees associated with this account.

UPS currently pays the investment management and custody fees for the UPS Stock Fund.

The cumulative effect of fees and expenses can substantially reduce the growth of your retirement savings. Visit the [Department of Labor's website](#) for an example showing the long-term effect of fees and expenses. Fees and expenses are only one of many factors to consider when you decide to invest in an option. You may also want to think about whether an investment in a particular option, along with your other investments, will help you achieve your financial goals, as well as other factors that are unique to your own financial situation.

Change of Address

If you have moved and no longer work for UPS or any of its affiliated companies and have not received a distribution from the Plan, you will need to change your address online or over the phone or you may send your new address in writing to:

UPS 401(k) Savings Plan
Voya Institutional Plan Services, LLC
P.O. Box 389
Hartford, CT 06141

If you are an employee, your address must be changed on [UPSers.com](#). Visit **myHR > Change my Data** to update your address in Workday.

Designation of Beneficiary

When you enroll in the Plan, you designate your beneficiary for your Plan account. Beneficiaries may be designated on the Plan website or by speaking to a Participant Service Representative (PSR) on a recorded line at **800-541-6154**. PSRs are available to assist you from 8 a.m. to 8 p.m. Eastern Time, Monday through Friday, except on days the stock market is closed. If you are married, your spouse will automatically be your designated beneficiary.

If you are married and wish to designate someone other than your spouse as your primary beneficiary, you must complete a beneficiary designation form with your spouse's notarized consent, and your beneficiary designation will not be complete until this form is received. The form is available online or over the phone. Generally, you may change your beneficiary designation at any time.

If you fail to designate a beneficiary or if a designated beneficiary does not survive you, or if your beneficiary designation is incomplete (such as, for example, a failure to obtain spousal consent as described above), payments will be made to your spouse. If you have no spouse or if your spouse does not survive you, payments will be made to your estate. If the person designated as your beneficiary is your spouse and you become divorced, payments will be made to your former spouse unless:

- You later designate another person in his or her place; or
- You remarry — in which case your prior designation will be null and void, and your new spouse will be treated as your designated beneficiary.

If the person designated as your beneficiary is not your spouse and you later become married, your spouse will be treated as your designated beneficiary unless your spouse consents, after your marriage, to another person being your designated beneficiary. Please note, it is your responsibility to update the Plan promptly following any change in your marital status, and failure to do so could affect how your benefits are distributed.

Plan Administration and Trustee

All contributions and earnings are held in a trust fund. Bank of New York Mellon acts as Trustee for the Plan and the UPS Stock Fund.

Administration of the Plan is supervised by an Administrative Committee appointed by UPS. The responsibility of the Administrative Committee for a Plan is to act in the best interest of Plan participants at all times. Recordkeeping and administrative services are provided to the Plan by Voya Financial, who serves as the Plan's recordkeeper.

The Administrative Committee for the Plan has the exclusive power and discretion to interpret the Plan documents, and to decide all matters arising in its administration and operation, including questions pertaining to eligibility for, and the amount of, benefits to be paid by the Plan. Any such interpretation or decision will, subject to the claims procedure described in this document, be conclusive and binding on all interested persons. Such interpretations or decisions will, consistent with the Plan's terms and conditions, be applied in a uniform manner to all similarly situated participants and beneficiaries.

The Plan is intended to comply with all requirements for a qualified retirement plan based on all applicable sections of the Internal Revenue Code (including section 401(a) which allows participants to make contributions on a tax-deferred basis, provides for trust earnings to accrue on a tax-deferred basis and permits UPS and the affiliated employers participating in the Plan to currently deduct contributions to the Plan).

Pension Benefit Guaranty Corporation

Benefits under the Plan are not guaranteed by the Pension Benefit Guaranty Corporation or any other federal agency.

Amendment and Termination

The Plan has been established with the intent of being maintained indefinitely. There is no intention to change or terminate the Plan at this time. However, the Board of Directors of United Parcel Service of America, Inc. has the right to change or terminate the Plan at any time.

The Employer expects this Plan to be continued indefinitely but, of necessity, reserves the right to terminate or to partially terminate this Plan or to discontinue its contributions at any time by action of the Board. If there is a termination or partial termination of this Plan or a declaration of a discontinuance of contributions to this Plan, the Accounts of all affected Participants who are employees as of the effective date of the termination, partial termination or declaration will become fully vested. The Committee will cause all unallocated amounts to be allocated to the appropriate Accounts of the affected Participants and Beneficiaries. Upon direction of the Committee, the Trustees will distribute Accounts to Participants and Beneficiaries in accordance with uniform rules established by the Committee consistent with Code § 401(a) and Code § 401(k).

More Information

Where To Go If You Have Questions

In describing the Plan, we have tried to avoid using the legal words and phrases that are in the actual Plan documents. If, in our efforts to make things clear, we have inadvertently omitted or misstated any of the Plan's provisions, the legal documents will be the final authority. If you have any questions, please contact:

UPS 401(k) Savings Plan
Voya Institutional Plan Services, LLC
P.O. Box 389
Hartford, CT 06141
800-541-6154

Where You Can Find More Information About UPS

We file annual, quarterly and current reports, proxy statements and other information with the SEC. This prospectus is part of a registration statement on Form S-8, which we filed with the SEC on November 20, 2015. Our SEC filings are available to the public over the Internet at the [SEC website](#). You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, N.E., Room 1580, Washington, DC 20549; 233 Broadway, New York, New York 10279; and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at **800-SEC-0330** for further information on the operation of the public reference facilities.

Our SEC filings are also available at the office of the New York Stock Exchange. For further information on obtaining copies of our public filings at the New York Stock Exchange, you should call **212-656-5060**.

Incorporation of Documents by Reference

The SEC allows us to "incorporate by reference" into this document the information that we file with it. This means that we can disclose important information by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information in documents that we file after the date of this prospectus and before the termination of the offering automatically will update information in this prospectus.

We incorporate by reference in this prospectus the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") until our offering is completed; provided, however, that we are not incorporating by reference any information furnished (but not filed) under Item 2.02 or Item 7.01 of any Current Report on Form 8-K:

- Annual Report on Form 10-K for the year ended December 31, 2015;
- Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016;
- Current Reports on Form 8-K filed January 12, 2016, March 25, 2016, April 1, 2016, May 9, 2016 and June 15, 2016; and
- The description of United Parcel Service of America, Inc.'s common stock contained in its Registration Statement on Form 8-A, filed with the SEC in April 1970, as updated by item 5 of its annual report on Form 10-K for the year ended December 31, 1998, as modified by the description of the class A common stock contained in our Registration Statement on Form S-4 (No. 333-83349). We succeeded to the Exchange Act registration of United Parcel Service of America, Inc. pursuant to Rule 12g-3 under the Exchange Act.

We will provide, without charge, to each person to whom a copy of this prospectus is delivered, upon written or oral request, a copy of any and all of the documents incorporated by reference in this prospectus, other than the exhibits to such documents, unless such exhibits are specifically incorporated by reference into the documents that this prospectus incorporates. Requests for copies of such documents should be directed to Investor Relations, 55 Glenlake Parkway, N.E., Atlanta, Georgia, 30328, call **404-828-6059**.

Your ERISA Rights

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides that all Plan participants shall be entitled to:

- Examine without charge, at the applicable Administrative Committee's office and at other specified locations such as your Human Resource Office, all documents governing the Plan, including insurance contracts, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration;
- Obtain upon written request to Voya Financial or the Administrative Committee copies of documents governing the operation of the Plan, including insurance contracts, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. Voya Financial or the Administrative Committee may make a reasonable charge for the copies;
- Receive a summary of the Plan's annual financial reports. The Administrative Committee is required by law to furnish each participant with a copy of this summary annual report;
- Obtain a statement telling you whether you have a right to receive a benefit from the Plan, and if so, the value of your account balance. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide this statement free of charge.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called fiduciaries of the Plan, have a duty to do so prudently and in the interest of you, and other Plan participants, and beneficiaries.

No one, including your employer, the Administrative Committee or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit is denied or ignored in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce these rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such case, the court may require the Administrative Committee to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrative Committee. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a State or Federal court after you have exhausted the claims appeal procedures described in this summary and in the Plan document.

In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in a Federal court. If it should happen that Plan fiduciaries misuse the Plans' money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous. If you have any questions about the Plan, you should contact the Administrative Committee.

If you have any questions about this statement or about your rights under ERISA, or if you need assistance obtaining documents from the Administrative Committee, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration. Any legal process should be directed to: Administrative Committee UPS 401(k) Savings Plan, 55 Glenlake Parkway, N.E. Atlanta, GA 30328.

Legal process may also be served on the Trustee for the applicable Plan at the address shown in the [General Information](#) section of this document on page 29.

If you have any questions about your Plan, you should contact Voya Financial or the Administrative Committee. Unless preempted by federal law, the Plan will be governed by the laws of the state of Georgia.

General Information

Name of Plan:

UPS 401(k) Savings Plan

Plan Number:

The Plan Number for the Plan is 004.

Plan Effective Date:

The Effective Date for the Plan is July 1, 1988.

Plan Year:

January 1 through December 31.

Type of Plan:

The Plan is a profit sharing/401(k) plan: considered by law to be a defined contribution plan.

Plan Valuation Date:

December 31 of each year, or more frequently as required.

Employer and Plan Sponsor:

United Parcel Service of America, Inc.
55 Glenlake Parkway, N.E.
Atlanta, GA 30328
(404) 828-6000

Employer Identification Number (EIN):

95-1732075

Administrative Committee:

UPS 401(k) Savings Plan Administrative Committee
55 Glenlake Parkway, N.E.
Atlanta, GA 30328

Trustee for the Plan and the UPS Stock Fund:

Bank of New York Mellon
135 Santilli Highway
Everett, MA 02149

APPENDIX A: List of Employer Companies

BT Realty Holdings II, Inc

i-Parcel LLC

iShip, Inc.

The UPS Store

United Parcel Service Co.

United Parcel Service of America, Inc.

United Parcel Service Inc. (Ohio)

UPS Capital Business Credit
(formerly First International Bank)

UPS Capital Corporation, Inc.

UPS Capital Insurance Agency, Inc.
(formerly Glenlake Insurance Agency, Inc.)

UPS Cartage Services, Inc.

UPS Customhouse Brokerage, Inc.

UPS Digital, Inc.

UPS Expedited Mail Services, Inc.

UPS Flight Forward, Inc.

UPS General Services Co.

UPS Global Innovations, Inc.

UPS International General Services Co.

UPS Mail Innovations, Inc. (formerly UPS Messaging Inc.)

UPS Market Driver, Inc.

UPS Latin America, Inc.

UPS Procurement Services Corporation

UPS Supply Chain Solutions General Services, Inc.

UPS Supply Chain Solutions, Inc. (includes Diversified Trimodal, Inc. d/b/a Martrac, UPS Supply Chain Management Nevada, Inc., UPS Supply Chain Management Tristate, Inc., UPS Logistics Group Americas, Inc. which were all merged through a series of mergers 12/31/02)

UPS Telecommunications, Inc. (UPS Teleservices)

UPS Trade Management Services, Inc.

UPS Worldwide Forwarding, Inc.

Worldwide Dedicated Services, Inc.

Other UPS Companies may be Employer Companies, if approved by the Board.

The following companies are not Employer Companies and provide no credits of any kind in the Plan:

- Biomed North America, LLC
- Biomedical Supply Chain Operators, LLC
- Delivery Solutions, Inc.
- Happy Returns, LLC
- Marken LLP
- Roadie, Inc.
- RoadieRed Co.
- Ware2Go, Inc.

Coyote Logistics, LLC is an Employer Company solely for the purpose of allowing for Participant contributions and the Savings**PLUS** match.

APPENDIX B: SavingsPLUS Match

The SavingsPLUS match is uniform for all eligible participants across all participating UPS Employer Companies (see [Appendix A](#)). The amount of the SavingsPLUS match is:

The SavingsPLUS match will be invested in cash, and will be posted to your account as soon as administratively practicable after the end of the calendar quarter.

SavingsPLUS Contribution Level

50% SavingsPLUS match on up to 6% of Eligible Compensation

How the Match is Calculated

The amount of the SavingsPLUS match credited to your account for each quarter is based upon your year-to-date pre-tax, Roth 401(k) and/or after-tax contributions to the Plan and your year-to-date eligible compensation (see the [Eligible Compensation](#) section on page 5) paid through the end of that quarter.

The following examples show how the SavingsPLUS match will be calculated.

EXAMPLE 1:

Because the SavingsPLUS match is calculated based on year-to-date pre-tax, Roth 401(k) and/or after-tax contributions and year-to-date eligible compensation, you can receive the SavingsPLUS match in a quarter in which you were eligible, but did not make pre-tax, Roth 401(k) and/or after-tax contributions to the Plan.

Quarter	YTD Eligible Compensation	YTD Pre-tax, Roth 401(k) and/or After-Tax Deferrals (6% for 4 Quarters)	50% of up to 6% Quarterly Match
Mar 31	\$15,000	\$900	\$450
Jun 30	\$30,000	\$900	\$450
Sept 30	\$45,000	\$900	\$450
Dec 31	\$60,000	\$900	\$450
Total	\$60,000	\$3,600	\$1,800

This method for calculating the SavingsPLUS match allows you to decide the timing of your contributions to the Plan without affecting your entitlement to the SavingsPLUS match.

EXAMPLE 2:

If you make pre-tax, Roth 401(k) and/or after-tax contributions to another 401(k) plan sponsored by UPS or one of its subsidiaries and the contributions are not matched, the contributions will be treated as pre-tax, Roth 401(k) and/or after-tax contributions to the Plan and will be eligible for the SavingsPLUS match, if you transfer to an eligible employee position before the end of the same Plan year.

Quarter	YTD Eligible Compensation	YTD Pre-Tax, Roth 401(k) and/or After-Tax Deferrals (12% for the first 2 Quarters)	50% of up to 6% Quarterly Match
Mar 31	\$15,000	\$1,800	\$450
Jun 30	\$30,000	\$1,800	\$450
Sept 30	\$45,000	\$0	\$450
Dec 31	\$60,000	\$0	\$450
Total	\$60,000	\$3,600	\$1,800

However, if you were eligible for matching contributions in another UPS sponsored plan, your eligible compensation will be reduced by your eligible compensation under the other plan.

APPENDIX C: UPS Retirement Contribution

The UPS Retirement Contribution is a fixed service-based contribution based on a Participant's Years of Service. The UPS Retirement Contribution does not vary based on the amount of a Participant's contribution to the Plan. The percentage of Eligible Compensation used to calculate the amount that UPS contributes as a UPS Retirement Contribution increases with the number of years of service a Participant has with UPS as described in this Appendix C.

Employer Participation

Some UPS Employer Companies do not participate in the UPS Retirement Contribution. Please refer to [Appendix A](#) for a list of participating Employer Companies.

Employee Participation

- UPS Retirement Contributions will be made to all participants working for a participating UPS Employer Company, regardless of date of hire.
- The amount of the contribution will be:

Years of Retirement Contribution Service	0-4	5-9	10-14	15+
% of Eligible Compensation Contributed by UPS	5%	6%	7%	8%

Service Consideration

The amount of the UPS Retirement Contribution will depend on your UPS Retirement Contribution Years of Service. This is calculated based on your most recent date of hire or rehire. If you leave employment or are transferred to an ineligible status, and then you are later rehired or transferred back to eligible status, your UPS Retirement Contribution Years of Service will be reset.

Default Investment Considerations

This UPS Retirement Contribution will be automatically invested in accordance with your current pre-tax investment elections.

Vesting of Benefit

Employees are 100% vested in the UPS Retirement Contribution after three complete years of service, or if earlier, age 62. Service used to determine the UPS Retirement Contribution vesting requirement is based on all elapsed time from original date of hire (including service as a union employee, if applicable).

APPENDIX D: Special Tax Notice

Your Rollover Options for Payments **Not** from a Designated Roth Account

You are receiving this notice because all or a portion of a payment you are receiving from the Plan is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account in some employer plans that is subject to special tax rules). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the **General Information About Rollovers** section. Special rules that only apply in certain circumstances are described in the **Special Rules and Options** section.

General Information About Rollovers

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, IRAs are not subject to spousal consent rules, and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949 but before January 1, 1951), after age 73 (if you were born after December 31, 1950), or after death;
- Hardship distributions;
- Payments of employee stock ownership plan (ESOP) dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of life insurance paid by the Plan;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA); and
- Distributions of certain premiums for health and accident insurance.

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
 - Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
 - Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
 - Payments made due to disability;
 - Payments after your death;
 - Payments of ESOP dividends;
 - Corrective distributions of contributions that exceed tax law limitations;
 - Cost of life insurance paid by the Plan;
 - Payments made directly to the government to satisfy a federal tax levy;
 - Payments made under a qualified domestic relations order (QDRO);
 - Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
 - Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;
 - Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters; and
 - Phased retirement payments made to federal employees.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not address any State or local income tax rules (including withholding rules).

Special Rules and Options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

If your payment includes employer stock that you do not roll over

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or, generally, the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year

during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level loan repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

If you do a rollover to a designated Roth account in the Plan

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment

made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account.

However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased participant was born on or before January 1, 1936.

- **If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949 but before January 1, 1951), or after age 73 (if you were born after December 31, 1950).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions.

However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949), age 72 (if the participant was born after June 30, 1949 but before January 1, 1951), or after age 73 (if the participant was born after December 31, 1950).

- **If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a QDRO. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a QDRO, you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the **IRS website** at www.irs.gov.

For More Information

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling **1-800-TAX-FORM**.

Your Rollover Options for Payments from a Designated Roth Account

You are receiving this notice because all or a portion of a payment you are receiving from the Plan is eligible to be rolled over to a Roth IRA or designated Roth account in an employer plan. This notice is intended to help you decide whether to do a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account. If you also receive a payment from the Plan that is not from a designated Roth account, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a designated Roth account are described in the **General Information About Rollovers** section. Special rules that only apply in certain circumstances are described in the **Special Rules and Options** section.

General Information About Rollovers

How can a rollover affect my taxes?

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the portion of the payment that is earnings. If you are under age 59½, a 10% additional income tax on early distributions (generally, distributions made before age 59½) will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan,

your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457 plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, Roth IRAs are not subject to spousal consent rules, and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

How do I do a rollover?

There are two ways to do a rollover. You can either do a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit (generally within 60 days) into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949 but before January 1, 1951), or after age 73 (if you were born after December 31, 1950), or after death;

- Hardship distributions;
- Payments of employee stock ownership plan (ESOP) dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of life insurance paid by the Plan;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution; and
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if S corporation stock is held by an IRA); and
- Distributions of certain premiums for health and accident insurance.

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If a payment is not a qualified distribution and you are under age 59½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;

- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution; and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

If I do a rollover to a Roth IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from a Roth IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not address any State or local income tax rules (including withholding rules).

Special Rules and Options

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

If your payment includes employer stock that you do not roll over

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock included in the earnings in the payment will not be taxed when distributed to you from the Plan and will be taxed at capital gain rates when you sell the stock. If you do a rollover to a Roth IRA for a nonqualified distribution that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the distribution), you will not have any taxable income and the special rule relating to the distributed employer stock will not apply to any subsequent payments from the

Roth IRA or, generally, the Plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the Plan.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. If the distribution attributable to the offset is not a qualified distribution and you do not roll over the offset amount, you will be taxed on any earnings included in the distribution (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

If you receive a nonqualified distribution and you were born on or before January 1, 1936

If you were born on or before January 1, 1936, and receive a lump sum distribution that is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you receive a payment that is not a qualified distribution and you do not roll it over, you will not have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over, even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution that is not a qualified distribution made before age 59½ will be subject to the 10% additional income tax on earnings allocated to the payment (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an “unforeseeable emergency” and the special rules under “If your payment includes employer stock that you do not roll over” and “If you were born on or before January 1, 1936” do not apply.

If you receive a nonqualified distribution, are an eligible retired public safety officer, and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income nonqualified distributions paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan. Also, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you receive a nonqualified distribution and you were born on or before January 1, 1936" applies only if the deceased participant was born on or before January 1, 1936.

- **If you are a surviving spouse.** If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949), age 72 (if you were born after June 30, 1949 but before January 1, 1951), or after age 73 (if you were born after December 31, 1950).

- **If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.

Payments under a QDRO. If you are the spouse or a former spouse of the participant who receives a payment from the Plan under a QDRO, you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own Roth IRA or to a designated Roth account in an eligible employer plan that will accept it).

If you are a nonresident alien

If you are a nonresident alien, you do not do a direct rollover to a U.S. IRA or U.S. employer plan, and the payment is not a qualified distribution, the Plan is generally required to withhold 30% (instead of withholding 20%) of the earnings for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year (only including payments from the designated Roth account in the Plan) are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you can do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout from the designated Roth account in the Plan of more than \$1,000 will be directly rolled over to a Roth IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the **IRS website** at www.irs.gov.

For More Information

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling **1-800-TAX-FORM**.

Notice of Your Right to Defer Distributions

The Rules under Section 411(a) of the Internal Revenue Code require the delivery of this notice prior to the payment of distributions from 401(k) and other retirement plans subject to ERISA. If you are a participant in a non-ERISA plan, this notice is not legally required, but still provides important information that merits your consideration.

You may elect to (1) leave the assets in your Plan account until a later date (subject to IRS minimum distribution requirements), (2) take a distribution of your assets from your Plan account, or (3) roll over your assets from your Plan account to another retirement plan vehicle (including an IRA). When considering which alternative is best for you, you should consider the economic consequences which include evaluating any new investment options available to you if you move your account monies and the respective investment fees and expenses associated with any new investment option.

If you elect to take a distribution and not roll the assets over from your Plan account to an IRA or other retirement plan, you typically lose the opportunity to continue accumulating earnings on your Plan account on a tax-deferred basis (tax-free for Roth contributions) for retirement. This means that by taking a cash distribution now and being taxed on it, you potentially may end up with lower retirement income even if you invest the after tax distribution.

Information on administrative fees and transactional fees assessed to your Plan account can be obtained from the following documents (Note: not all documents may apply to you):

- Summary Plan Description (SPD) for ERISA plans,
- Enrollment kit,
- Prospectus summary,
- Disclosure booklet, or
- Your individual contract.

To request a copy of the SPD, disclosure booklet and enrollment kit, call your local Voya representative, your employer or plan administrator. To request a copy of the prospectus summary and individual contract, call Customer Service, using the toll-free number provided to you in your distribution package or on your Voya statement of account. Administrative and transactional fees assessed on your Plan account will be reflected on your Voya statement of account.

Information on the investment options available to you under the Plan today, including related fees or expenses, can be obtained from the Fund Performance and Fund Fact Sheets available online at uppsavings.voya.com or by calling Voya.

To learn more about your distribution options under the Plan please call us. To inquire about the tax consequences of each option, please contact a professional tax advisor.

