

Frequently Asked Questions (FAQs)

Making the transition from BD to embecta retirement benefits

These FAQs apply to eligible U.S. associates participating in the BD Retirement Plan (also referred to as the “BD Cash Balance Plan”), who are transitioning to embecta. They are intended to supplement the retirement program kit mailed to the homes of eligible associates in March 2022. These FAQs have been developed to help answer your questions about the transition from BD to embecta retirement benefits. If you have additional questions outside of those included in these FAQs, please contact one of the resources listed in “For more information” on [page 11](#).

If you did not receive your retirement program kit, please contact the BD Associate Service Center (ASC) at 855.234.3577 for assistance.

Contents

Overview	2
Transitioning to embecta retirement benefits	4
Understanding your personalized Total Retirement Income Statement	7
For more information	11

Overview

1. When will the spinoff of embecta take place?

The first day that embecta will become an independent, publicly traded company is April 1, 2022, also known as “Day One.” This is the day embecta stock will begin trading publicly and the company will begin operating independently from BD under its own name, with its own Board of Directors, management team, and associates.

2. Will I keep my BD retirement benefits when I transfer to embecta?

You will keep all your BD retirement benefits, as long as you’re fully vested in them (i.e., have a right to them). Each benefit requires that you have a certain number of years of service to become 100% vested. Once you are fully vested, these benefits will be yours to keep. Service with both BD and embecta counts toward meeting vesting requirements. Here are the vesting rules for each BD retirement benefit.

BD cash balance account and BD Restoration Plan benefit (if eligible). You become 100% vested after you have completed three years of service, or when you turn 65, if earlier.

401(k) plan. Your BD 401(k) account balance will be transferred to a new account in the Embecta 401(k) Plan.* You are always 100% vested in your own contributions, as well as any associated earnings. BD’s matching contributions, non-elective annual contributions, and any associated earnings vest according to the following schedule:

Years of service	Percentage
2 years	50%
3 years	75%
4+ years	100%

Deferred Compensation Plan (DCP). Your BD DCP account balance will be transferred to a new account in the Embecta DCP.* You are always 100% vested in your own contributions and any earnings from those contributions. Company matching credits follow the same vesting schedule shown above for BD’s matching contributions to the 401(k) plan.

** For more information, please see the blackout notice you received from Fidelity in early March 2022.*

3. How will my BD retirement benefits change in connection with the spinoff?

You can expect the following changes to your BD retirement benefits as of April 1, 2022:

- All your vested and non-vested BD 401(k) Plan and Deferred Compensation Plan (if eligible) balances will transfer to new accounts at embecta,
- Your Restoration Plan benefits (if eligible) will automatically be paid out, and
- You will keep your BD cash balance account, but if you leave embecta before you are fully vested, you will forfeit this benefit. Once you are fully vested, you will need to make decisions about how to manage the benefits you have accrued.

Based on your eligibility, your BD retirement benefits may include:

- Cash Balance Plan
- 401(k) Plan
- Deferred Compensation Plan (DCP)
- Restoration Plan

Please note, retirement benefits are taxable when they are paid to you (see [Q24](#) for more information). You may wish to speak with Ayco or your personal financial advisor about the tax implications for your personal situation.

4. Will I have a cash balance benefit at embecta?

embecta will not be establishing a cash balance pension plan. In lieu of a cash balance benefit, all transitioning embecta associates (including those who actively participate in the BD Cash Balance Plan) will be eligible for embecta's annual 3% non-elective contribution to the 401(k) plan on April 1, 2022.

5. Why isn't embecta offering a cash balance pension plan?

At embecta, we are following an approach to providing retirement benefits that is common among our competitors and aligns with current employment best practices. BD began transitioning its approach to providing retirement benefits to this model when it closed its Cash Balance Plan to new entrants on December 31, 2017. For new hires and rehires, BD offers a 401(k) plan annual non-elective contribution equal to 3% of eligible pay—the same benefit that embecta will offer to all transitioning associates.

Transitioning to embecta retirement benefits

6. What will happen to my BD cash balance account?

Your cash balance account will stop earning pay credits effective April 1, 2022. You then have a choice of what to do with your account balance. You can:

1. Leave the money in the account where it will continue to earn interest until you choose to receive payment or turn 65. Even though you will be working for embecta, you will continue to earn service toward meeting eligibility for early retirement in the BD plan (age 55 with 10 years of service) and the applicable factors used to calculate pension benefits that are reduced for early payment, as long as you remain continuously employed by embecta.
2. Roll it over into the Embecta 401(k) Plan or another eligible retirement plan.
3. Cash it out. Keep in mind that benefits are taxable upon distribution if you do not roll them into a tax-deferred plan.

Note: If you are **65 or older** when your BD employment ends, your cash balance benefit will automatically be cashed out as soon as administratively possible. If you wish, you may roll over your cash balance benefit to another eligible retirement plan, including the Embecta 401(k) Plan. If you have a BD Restoration Plan benefit, it will be paid out automatically when your BD employment ends, and it cannot be rolled over.

7. I turn 65 after the spinoff. What will happen to my BD cash balance account at that time?

At age 65, your cash balance benefit will automatically be cashed out as soon as administratively possible. If you wish, you may roll over your cash balance benefit to another eligible retirement plan, including the Embecta 401(k) Plan.

What is a cash balance account?

Under the BD Retirement Plan (also called the Cash Balance Plan), your benefit is shown as a cash balance account that grows based on your monthly pay and interest credits.

For more information on how the account works, see "Recap of how the BD Cash Balance Plan works" on page 4 of Your Retirement Transition Brochure.

8. How much has my BD cash balance account been receiving in pay and interest credits?

While you are employed by BD, pay and interest credits are added to your BD cash balance account every month. Your monthly pay credits are based on a combination of your age plus service (in years and months), as shown in the following table.

If your total age + years of service as of the upcoming December 31 will be...	Your pay credit percentage is...
Less than 40	3%
40-49	4%
50-59	5%
60-69	6%
70+	7%

The rate used for interest credits is set by the plan each September for the following year and is based on U.S. Treasury rates. The annual interest credit rate may change from time to time, but it is never less than 3.79%, which is 0.31% per month.

9. What is the temporary supplemental transition benefit?

To ease the transition from the BD Cash Balance Plan to the Embecta 401(k) Plan, you will receive a temporary multi-year supplemental transition benefit. The supplemental transition benefit will be deposited as a single contribution annually for 2022, 2023, and 2024. You must be employed with embecta on December 31 each year to be eligible for the benefit.

This three-year temporary supplemental transition benefit will be provided in addition to the annual 3% non-elective contribution that you will receive in the Embecta 401(k) Plan.

The “Focus on your future” brochure that was mailed to you at the end of January explains how your benefit is calculated. You can view your estimated supplemental transition benefit amounts for 2022, 2023, and 2024 under “Your personal information” on your Total Retirement Income Statement.

10. How does the annual 3% non-elective contribution work?

Every year, all eligible embecta employees will receive an annual 3% non-elective contribution in their 401(k) accounts. You receive non-elective contributions from embecta even if you do not make any contributions of your own, and you gradually vest in these contributions and associated earnings over four years of service with BD and embecta (see [Q2](#) for more information). If you already have four years of service, you are 100% vested in these contributions and their associated earnings. You must be employed with embecta on December 31 to be eligible for that year’s contribution. The annual 3% non-elective contribution is payable in addition to any company matching contributions you receive if you contribute to the plan.

11. Will the amount of the 401(k) company match change in the embecta plan?

To help you save for retirement, embecta will continue to provide the same matching contribution to your 401(k) account as BD (\$0.75 on the dollar, up to 6% of your eligible pay). For example, if your salary is \$50,000 and you contribute 6%, which is \$3,000, embecta will contribute another 4.5%, which is \$2,250. So, it is in your best interest to contribute at least 6% of your eligible pay so you can receive the maximum match.

12. If I'm not contributing to the 401(k) plan, can I start now, or do I have to wait until I transfer to embecta?

You can start to contribute to the 401(k) plan—and receive company matching contributions—at any time. If you start contributing while you are employed with BD, your 401(k) account balance will be transferred to embecta with all the funds you and BD contributed, along with your contributions and investment elections.

13. I have a Health Savings Account (HSA). Will I still be able to use it?

You keep any HSA funds you accrued to date, even when you switch plans or jobs. If you are no longer enrolled in a high deductible health plan, you may not make new contributions to your HSA, but you can continue to withdraw funds for qualified expenses.

Understanding your personalized Total Retirement Income Statement

14. What is the personalized Total Retirement Income Statement?

To illustrate the value of your projected retirement benefits, the personalized Total Retirement Income Statement provides a snapshot of your accrued BD retirement benefits and your potential future retirement income growth in the Embecta 401(k) Plan and Embecta Deferred Compensation Plan (as applicable). This includes:

- Current retirement income under the BD retirement plans,
- Potential future retirement income growth in the Embecta 401(k) Plan (including any applicable transition benefits), and
- Projected retirement income at various retirement ages based on certain assumptions.

15. What are eligible earnings?

For purposes of calculating your projected retirement benefits, your eligible earnings generally include your regular salary, overtime, bonuses, commissions, and sales incentives. You can review your eligible earnings from December 1, 2020, through November 30, 2021, in your Total Retirement Income Statement under “Your personal information.”

The statement also shows estimated future projections based on certain assumptions. Note that your actual future salary increases, overtime, bonuses, and/or sales incentives may vary.

16. What assumptions were used in estimating my future benefits?

The assumptions used to estimate your future benefits are shown on page 4 in your statement. Please note the following assumptions:

- Your pay increases 3% annually.
- You keep your money in the BD Cash Balance Plan, and it continues to earn an annual 3.79% interest credit.
- Your BD 401(k) Plan and Deferred Compensation Plan (if eligible) balances are transferred to embecta.
- You continue to contribute to the 401(k) plan at the same rate you were contributing on November 30, 2021, receive the company match, and your contributions earn a 6% return per year.
- You remain continuously employed with embecta until the retirement ages shown in your statement.

17. How can I find out how much is in my BD cash balance account?

You can find your account balance in your Total Retirement Income Statement. In the “Your personal information” section, look for “BD cash balance account” under “Estimated pension benefits as of 4/1/2022.” You may also contact Benefits Direct at 800.234.9855 or bd.com/benefits.

18. I was reviewing my personalized Total Retirement Income Statement, and it looks like the estimated lump-sum total value of my cash balance benefit is larger if I take it at 62 compared to waiting until I’m 65. Is that correct?

Yes, for some associates this is correct. If you were eligible for the BD Final Average Pay Pension (FAP) formula before 2007 and elected to remain in the FAP as of April 2007 and converted to the BD Cash Balance Plan formula in 2013, you have a protected early retirement benefit. When you elect to receive a distribution from the Cash Balance Plan, your protected frozen early retirement benefit is compared to your cash balance account. If the value of your protected benefit is greater than your account balance in the Cash Balance Plan at that time, you will receive the larger protected benefit.

19. Who do I contact if any of the information in my statement appears to be incorrect?

If any of the information in your personalized Total Retirement Income Statement seems incorrect, please call the BD ASC at 855.234.3577.

20. Are there any financial planning services available to assist with my retirement planning need(s)?

For overall support with retirement planning, take advantage of financial planning services through Ayco—provided by BD and embecta at no cost to you. You can call Ayco at 800.334.0823 (or visit them at ayco.com/login/bd) to set up an appointment with a financial counselor. You can also get retirement information from these resources:

- **BD Cash Balance and Restoration Plan (if applicable) benefits.** Contact Benefits Direct at 800.234.9855 or bd.com/benefits.
- **401(k) and DCP (if eligible) benefits.** Contact Fidelity NetBenefits® online at www.netbenefits.com or by calling 866.715.2068 (for assistance with your BD 401(k) and DCP accounts) or 800.835.5095 (for assistance with your embecta 401(k) and DCP accounts).
- **Ayco’s Financial Planning Webinars.** The webinars will be held on March 18 and 21, 2022. If you’re unable to attend these sessions, recordings will be available on growingwithembecta.com beginning the week of March 21, 2022.

21. What if my replacement income percentage is less than the suggested target of 70% to 90%? What can I do to get closer to that range?

Speak with an Ayco financial planner about the retirement strategy that is right for you, based on personal factors such as your lifestyle, your home, your health, your family, and how long you expect your retirement to last. Think about what kind of income you are going to want in order to meet your needs.

Remember, other sources of income—such as from a previous job—can increase your percentage. Also, you may consider increasing your 401(k) contribution to ensure you are maximizing the company match.

22. Can I receive my BD retirement benefits while I work for embecta?

That depends on the plan:

- Your 401(k) and DCP benefits (if eligible) will be transferred to embecta plans automatically. You cannot receive a distribution of these benefits while you are employed with embecta.
- If you have a Restoration Plan benefit, it will be paid out automatically and cannot be rolled over.
- You may keep your cash balance benefit in your BD account, roll it over to another qualified plan, or have it paid out to you. If you are 65 or older, your account will automatically be paid out to you as soon as administratively possible after your BD employment ends.

23. Do I need to be concerned about paying taxes on my retirement benefits?

Retirement benefits are generally treated as taxable income at the time you receive payment. If any retirement benefits are payable to you and they cannot be rolled into a tax-qualified plan, there are tax consequences to consider.

If you take a lump-sum payment from any retirement plan, there may be significant tax consequences, including ordinary income tax and, in some cases, an additional 10% penalty tax if you are younger than 59½. Generally, you can defer taxation of a lump sum by electing to roll over the distribution to another employer's eligible retirement plan or an individual retirement account (IRA). When you request a distribution, you will receive a special tax notice about the tax consequences of taking a distribution. **Note:** If you have a BD Restoration Plan benefit, it will be paid out automatically when your BD employment ends, and it cannot be rolled over.

Because the tax laws governing payments from retirement plans are complex, we encourage you to speak with your tax and/or financial advisor before April 1, 2022, to discuss the transition to embecta, your cash balance account, your overall savings portfolio, and the tax options for your personal situation.

24. Are my BD retirement benefits paid as a lump-sum payment or an annuity?

You may choose to receive your BD cash balance account as an annuity (lifetime monthly payments) or as a lump sum. However, your BD 401(k) account is payable only as a lump sum. If you choose to receive all your benefits as lump sums, you may have more or less annual retirement income than the estimated amounts shown in your Total Retirement Income Statement.

25. How much money will I need when I retire?

Generally, experts say you will need between 70% and 90% of your pre-retirement annual income. For example, if your pay before retirement is \$50,000, you might aim for \$40,000 (80% of \$50,000) a year after you retire to maintain your standard of living.

For more information

26. If I am unable to attend the March 15 and 16, 2022 Retirement Education Webinars hosted by Total Rewards, will a recording be available?

Yes, a recording will be available on growingwithembecta.com starting the week of March 21, 2022.

27. What if I have additional questions based on my personal situation or need more information?

If you have questions or need more information, the following resources can help.

Resource	Contact information
Retirement benefits	
Fidelity NetBenefits® For questions about your BD 401(k) and DCP benefits For questions about your embecta 401(k) and DCP benefits	866.715.2068 800.835.5095 www.netbenefits.com
HealthEquity For questions about the Health Savings Account (if enrolled in a medical plan with an HSA)	844.354.0118 healthequity.com/bd
Resources and tools	
Ayco For overall financial and retirement planning support	800.334.0823 ayco.com/login/bd
BD Associate Service Center (ASC) For questions about your personal information or to request a reprint of your Total Retirement Income Statement and Your Retirement Transition Brochure	855.234.3577 (available through Dec. 31, 2022)
Benefits Direct For questions about the BD Cash Balance Plan	800.234.9855 bd.com/benefits
Government benefits	
Medicare To learn more about government health plans available to you once you turn 65	800.Medicare medicare.gov
Social Security Administration For questions about your Social Security benefit, as well as to obtain an estimate	800.772.1213 ssa.gov

These FAQs highlight certain provisions of the benefit plans available to eligible associates of Becton, Dickinson and Company and its affiliates (“BD”), who are transitioning to embecta. They are meant to provide only a brief overview of these benefits as well as benefit plans intended to be made available to eligible associates of embecta. If there is any difference between the benefits as described in these FAQs and the formal plan documents, the formal language of the plan documents as construed and interpreted by the plan administrator govern. The benefits described in these FAQs are subject to change, and in the case of embecta, not yet adopted, and BD or embecta, as applicable, reserves the right to amend, modify, suspend, or terminate these plans and policies, in whole or in part, at any time and for any reason by action of BD or embecta, as applicable, to the extent permitted by applicable law and the plan. These FAQs and the benefits and policies described within do not imply any guarantee and are not an employment contract and should not be considered to be a promise of future benefits.