

Take a **good look** at your 2019 benefits



See what's new for 2019

- Read this guide to learn about your options.
- Explore the NEW benefits.baesystems.com to find out more.

Welcome to BAE Systems benefits

Annual Enrollment is
October 18–November 1, 2018



Check out the new BAE Systems benefits website

Benefits information at your fingertips—no matter where you are. The new BAE Systems benefits website, benefits.baesystems.com, gives you important information about your benefits.

Bookmark this site today! It's your starting point for benefits information during Annual Enrollment and throughout the year. If your dependents are covered under BAE Systems benefits, be sure to share the link to the new site with them—**no username or password needed!**

At BAE Systems, the work you do is important—to us and the world. We want to support you to be at your best—physically, emotionally, and financially. No matter where you are in life, BAE Systems offers benefits to support you and your family every day.

BAE Systems benefits include a variety of plans to fit your and your family's needs. Are your current plans still the best fit? Annual Enrollment is your opportunity to use the tools and resources to learn about all that's available and to help you make informed decisions. Then, make your selections October 18–November 1, 2018.

Remember, Annual Enrollment is your chance to enroll in 2019 benefits. You won't be able to make changes to your benefits at any other time during the year unless you experience a qualified life event, such as getting married or having a baby. If you do nothing during Annual Enrollment, most of your current coverages will continue, but you'll miss out on certain benefits.

Si usted necesita ayuda en un idioma que no sea el inglés, puede ponerse en contacto con un representante de recursos humanos para su local.

Your 2019 Annual Enrollment **checklist**

Here's what you need to do between October 18 and November 1:

Go to the new BAE Systems benefits website at benefits.boesystems.com to:

- Learn what's new for 2019.
- Find out more about your BAE Systems benefits.
- Learn about benefits and programs you may not be using today.

From benefits.boesystems.com visit the BenefitsNavigator website to:

- Review your medical coverage options to ensure you're in the plan that's right for you. The Medical Expense Estimator can make it easy to do the math.
- Enroll in your benefits; if you don't take action, your current medical, dental, vision, and optional life and disability insurance elections will continue for 2019.
- Enroll or re-enroll in a Health Care and/or Dependent Care Flexible Spending Account (FSA); if you don't take action on these two benefits, your elections will **not** continue for 2019.
- Review and, if necessary, update your life insurance coverage and beneficiaries.
- Take the opportunity to review and consider updating your 401(k) Savings Plan contribution rate and investment strategy.
- Save a copy of your enrollment confirmation and keep it for your records.

Annual Enrollment ends at 11:59 p.m. Central Time on Thursday, November 1.



If you have questions or prefer to enroll by phone, call the BAE Systems Benefit Center at **1-888-900-4223**, 8 a.m.–8 p.m. Eastern Time, Monday through Friday.

What's new for 2019?



This year there will be no changes to the medical plans or the services they cover,* and we're excited to announce several benefit enhancements.

Here's a complete look at the changes effective January 1, 2019.

New Paid Parental Leave

We are pleased to introduce Paid Parental Leave (PPL), which enables parents to take time away from work to care for and bond with a newborn or newly adopted child. Starting January 1, BAE Systems will provide eligible employees with up to 80 hours of paid time off for parents who welcome a new child into their family. PPL is in addition to time off that may be paid through short-term disability and other paid time off plans.

Delta Dental **enhancements** (for all employees except Ship Repair)

If you enroll in dental coverage, you'll see the following improvements:

- Preventive cleanings no longer count toward the annual maximum benefit in the Delta Dental plans. So, if you have extensive dental work and reach your annual maximum, you can still have your cleanings covered by insurance.
- Delta Dental High option: Treatment for temporomandibular joint (TMJ) syndrome, which can cause pain in your jaw joint and in the muscles that control jaw movement, will be subject to the plan's \$2,000 annual maximum limit. We are eliminating the more restrictive TMJ \$500 lifetime maximum limit.

Save even more in your Health Care FSA

IRS contribution limits for the Health Care Flexible Spending Account (FSA) are increasing in 2019. So, you can save even more on taxes if you use it. You can contribute up to \$2,650 a year (an increase from \$2,600) to your Health Care FSA. Plan carefully, as this is a use-it-or-lose-it account. You must use your FSA funds by December 31, and you have until April 30 of the following year to submit your claims for reimbursement. For example, 2018 expenses must be submitted by April 30, 2019.

Your 2019 costs

During Annual Enrollment, you can view costs on an annual and per-paycheck basis for all plan options available to you at benefitsnavigator.baesystems.com.

* Kaiser and HMSA may make various modifications during the year based on medical advancements and newly approved treatments and drugs.



Take a **closer look** at BAE Systems benefits



Annual Enrollment is your only chance to enroll in 2019 benefits. Be sure to pay special attention to these benefits and take action between October 18 and November 1.

Medical, prescription drug, and vision coverage

You can choose among three medical plans:

- **Kaiser Hawaii HMO** strongly encourages you to select a primary care physician to coordinate all care and requires you to receive all care (except for emergencies) through Kaiser doctors, pharmacies, and facilities.
- **HMSA HMO** requires that you choose a primary care physician to coordinate all care and to receive all care (except for emergencies) through HMSA doctors, pharmacies, and facilities.
- **HMSA PPO** lets you see the doctor you want and self-refer to specialists.

All three options include coverage for prescription drugs and vision care. If you have medical coverage under a spouse's plan, you can enroll in VSP for vision coverage. Visit benefitsnavigator.baesystems.com to view plan information.

What you pay for care

Plan features	Kaiser Hawaii HMO In-network services only	HMSA HMO In-network services only	HMSA PPO In- and out-of-network services*
Deductible	None	None	\$100 individual \$300 family
Out-of-pocket maximum	\$2,500 individual \$7,500 family	\$2,500 individual \$7,500 family**	\$2,500 individual \$7,500 family**
Preventive care	You pay nothing	You pay nothing	You pay nothing
Coinsurance	Varies by service	Varies by service	10% after deductible
Office visits Primary care and specialist	\$15	\$20	10%
Urgent care	\$15	\$20	10% after deductible
X-ray and lab	10%	\$10	20% after deductible

* Out-of-network services are subject to higher deductibles and out-of-pocket maximums as well as lower coinsurance.

** HMSA plans have a separate out-of-pocket maximum for prescription drugs of \$3,600 individual and \$4,200 family.

Plan features	Kaiser Hawaii HMO In-network services only	HMSA HMO In-network services only	HMSA PPO In- and out-of-network services*
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Prescription drugs (In-Network)

Retail (30-day supply)

Generic	\$3 (maintenance) \$10 (non-maintenance)	\$7	\$7
Preferred brand-name	\$45	\$30	\$30
Non-preferred brand-name	Not covered	\$75	\$75
Specialty	\$200	\$100 (preferred brand-name) \$200 (non-preferred brand-name)	\$100 (preferred brand-name) \$200 (non-preferred brand-name)

Mail order (90-day supply)

Generic	\$6	\$11	\$11
Preferred brand-name	\$90	\$65	\$65
Non-preferred brand-name	Not covered	\$200	\$200
Specialty	\$200	\$100 (preferred brand-name) \$200 (non-preferred brand-name)	\$100 (preferred brand-name) \$200 (non-preferred brand-name)

Vision

Eye exam	\$15	\$20	\$10
Lenses Covered once every calendar year	Any amount over \$150 allowance	\$10	\$10
Frames	Any amount over \$150 allowance each year; covered once every calendar year	\$15; covered once every 2 years	\$15; covered once every 2 years
Contacts	Not covered	\$25 plus any amount over \$130 allowance	\$25 plus any amount over \$130 allowance

Not sure which plan to choose?

During Annual Enrollment, visit the BenefitsNavigator website from benefits.baesystems.com to use the Medical Expense Estimator and health plan comparison charts to compare your options. Using these tools will help you feel more confident about finding the plan that best meets your needs.

* Out-of-network services are subject to higher deductibles and out-of-pocket maximums as well as lower coinsurance.

** HMSA plans have a separate out-of-pocket maximum for prescription drugs of \$3,600 individual and \$4,200 family.



Tools and resources

Which medical plan is right for you?

Choosing the right medical plan for you and your family is the starting point for making good health decisions all year long.

The **Medical Expense Estimator** can help take the guesswork out of choosing a medical plan.

There are two ways to use the tool:

- You can simply choose whether you expect to be a low, medium, or high user of health care in 2019; or
- You can enter more detailed information, including the number of office visits, hospital stays, and prescriptions you expect to need in 2019.

You'll get an estimate of your total 2019 medical costs, including your paycheck deductions plus what you may pay when you get care. You'll also get an estimate for how much to save in a Health Care Flexible Spending Account (FSA).

During Annual Enrollment, visit the BenefitsNavigator website from benefits.baesystems.com to get started.

Dental (Ship Repair employees only)

You have two options for dental coverage:

- **HMSA Dental PPO:** You get comprehensive coverage for basic, major, and restorative dental care, including dental implants. Annual benefits are limited to \$1,000 per person. Orthodontia is not covered under this option.
- **HMSA Dental HMO (DMO):** You get comprehensive coverage for basic, major, and restorative dental care with no annual maximum benefit. Dental implants and orthodontia are not covered under this option.

Dental (for all employees except Ship Repair)

You have two options for dental coverage:

- **Delta Dental PPO High:** After you pay a \$50 deductible, you get comprehensive coverage for basic, major, and restorative dental care, including dental implants. Orthodontia is covered at 50%, up to a \$2,000 lifetime maximum per person.
- **Delta Dental PPO Low:** After you pay a \$100 deductible, you get limited coverage for basic, major, and restorative dental care. Dental implants and orthodontia are not covered under this option.

▶ Visit benefits.baesystems.com for more details about your benefits.

If you're covered by a Collective Bargaining Agreement (CBA), your benefits may vary from what's described here. Please refer to your CBA for details about your benefits, including eligibility.

All about Flexible Spending Accounts (FSA)

Health Care FSA

The Health Care FSA saves you money, because you can pay for eligible health care expenses with pretax dollars.

You can use the Health Care FSA to help pay for:

- Doctor visits and prescriptions
- Dental care, like fillings and braces
- Vision care, like glasses and contacts

You can choose how much to set aside in your Health Care FSA—up to \$2,650 per year (an increase from \$2,600). Your contribution is deducted from your pay before federal, state, local, and Social Security taxes are withheld.

Then, when you have a health care expense, you can either pay with your FSA debit card or pay out of pocket and submit a claim for reimbursement.

Keep in mind that you must use all the money in your account before the end of the calendar year, or you will forfeit it. You must use your FSA funds by December 31, and you have until April 30 of the following year to submit your claims for reimbursement. For example, 2018 expenses must be submitted by April 30, 2019.

Even if you are not enrolled in a BAE Systems medical plan, you are still eligible for the Health Care FSA.

Dependent Care FSA

The Dependent Care FSA saves you money, because you can pay for eligible dependent care expenses with pretax dollars.

You can use the Dependent Care FSA to help pay for:

- Day care
- Summer camp
- Elder care
- After-school programs for children 12 years of age or younger, or for anyone physically or mentally incapable of self-care

You can choose how much to set aside in your Dependent Care FSA—up to \$5,000 per year.

Then, when you have a dependent care expense, you pay out of your pocket and submit a claim to be reimbursed.

Keep in mind that you must use all the money in your account before the end of the calendar year, or you will forfeit it. You must use your FSA funds by December 31, and you have until April 30 of the following year to submit your claims for reimbursement. For example, 2018 expenses must be submitted by April 30, 2019.

Other reminders




Retirement. Dream it. Build it. Enjoy it. Annual Enrollment is a good time to check in on your 401(k) Savings Plan. Invest in your future. Many BAE Systems businesses match your contributions.



See the big picture of your employment with BAE Systems. Your total rewards at BAE Systems are more than just what you earn each paycheck. Learn the full value of all the benefits and compensation programs you receive at Your Total Rewards™ (YTR), accessible through benefitsnavigator.baesystems.com.



Relax and recharge. That's what paid time off is for. Many employees will see changes in their time off programs effective January 2019. As a reminder of these changes, please refer to the information previously provided by your sector for specific details. Employees with **fewer than** 160 hours in their leave balance as of their initial December paycheck will be offered an opportunity to buy PTO. If you are eligible, you'll receive additional information in December. Carefully consider your participation in this program, as it may not be right for everyone.



What happens to your benefits if you don't take action

If you don't take action, your current coverage will continue, but you'll be missing out on:

- Health Care Flexible Spending Account (Health Care FSA)
- Dependent Care Flexible Spending Account (Dependent Care FSA)

Plus, you lose the opportunity to possibly switch to a medical plan that better fits your needs—and your wallet.

You won't have another opportunity to enroll in or make changes to your benefits until the next Annual Enrollment period in fall 2019 unless you experience a qualified life event.

If you no longer want to be enrolled in a plan, including the MetLaw through Hyatt Legal Plan, you must take action during Annual Enrollment.

A final note

All employees and covered dependents participating in a Cigna medical plan will be eligible for the comprehensive health and wellness benefits described in this brochure.

This is only a brief overview. It is not intended to address all plan features that may apply to you. If there is any conflict between the language in this brochure and the language in the legal plan documents, the language in the legal plan documents will govern. In addition, this overview creates no rights between you and BAE Systems. Any participant rights are solely as described in the legal plan documents.

While BAE Systems expects to continue its benefit plans, these plans are subject to change from time to time and may be discontinued at any time, at the sole discretion of BAE Systems or the plans. Benefit provisions vary among BAE Systems businesses; thus, if you transfer within BAE Systems, your benefits may change.

BAE Systems and its plans are committed to helping you achieve your best health. If you think you might be unable to achieve the standards for the reward under the Wellness Incentive Program, you may qualify for an opportunity to earn the same reward, but by meeting a different or modified standard. Your health coach will work with you to develop a reasonable and/or accommodating goal to qualify for the incentives.

If your benefits are provided under the terms of a Collective Bargaining Agreement (CBA), refer to your CBA for details governing your benefits.

Your Spending Account is a trademark of Alight Solutions LLC.

Your Total Rewards (YTR) is a trademark of Alight Solutions LLC.

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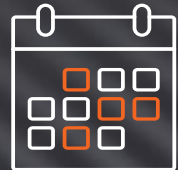
Annual Enrollment is October 18–November 1, 2018

Look inside for important information
about what's new for 2019.



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Don't miss these **important dates**



November 1, 2018	Last day to enroll in 2019 benefits
December 11–18, 2018	PTO Buy program enrollment period; no changes are allowed after December 28
December 28, 2018	Last day to make changes for 2019 benefits (if you change a medical or dental plan election, ID cards may be delayed)
December 31, 2018	Last day to incur expenses for the 2018 Health Care and Dependent Care FSAs

▶ Visit the NEW benefits.baesystems.com to learn more.