



# A guide to the BP Retirement Accumulation Plan for BP Participants

RAP

This brochure presents a high level explanation of certain provisions of the BP Retirement Accumulation Plan. For more detailed information, review your Employee Benefits Handbook or click on the "Employee Benefits Handbook" tab on BP's LifeBenefits site at [www.bp.com/lifebenefits](http://www.bp.com/lifebenefits).

# As a BP employee you're eligible for pension benefits from the BP Retirement Accumulation Plan ("RAP").

First, let's review how the BP cash balance formula works. Then we'll explain how you can use the pension modeling tool on Fidelity's NetBenefits<sup>SM</sup> website.

## How the BP RAP works

The RAP features a cash balance formula under which your retirement benefit grows steadily throughout your career with BP. Eligibility is immediate and BP pays the entire cost of the plan. Eligible earnings for the BP cash balance formula include base pay, overtime, and your annual bonus. You become 100% vested (meaning that you own your benefit without risk of forfeiture) after you complete five years of eligible BP service. After you are vested, your benefit is portable – you can take it with you when you leave BP, or you can leave it in the plan to accumulate more interest.

### Your Current Account

Your Current Account accumulates pay credits and regular interest credits that are posted monthly.

- **Pay credits** are a percentage of your monthly eligible earnings, based on your age and/or service – whichever results in the higher percentage.
- **Regular interest credits** apply to the balance in your Current Account and are currently based on the monthly average interest rate for 30-year Treasury bonds for the fourth month prior to the current month, with a minimum annual rate of 5%. The rate is reset each month.

## Schedule of cash balance pay credits

Pay Credit Formula (based on age and/or service)			Credits as a % of Your Eligible Pay (Up to 1/4 of the Social Security Wage Base)	Credits as a % of Your Eligible Pay (Above 1/4 of the Social Security Wage Base)
Age		Years of Vesting Service		
Under 40	<b>and</b>	Under 10	4%	7%
40 but less than 50	<b>or</b>	10 but less than 20	5%	9%
50 or more	<b>or</b>	20 or more	6%	11%

- Social Security Wage Base: \$94,200 for 2006; \$97,500 for 2007
- 25% of Social Security Wage Base: \$23,550 per year or \$1,962.50 on a monthly basis during 2006; \$24,375 per year or \$2,031.25 on a monthly basis for 2007

Your Current Account will continue to receive pay credits as long as you are employed by BP. Although pay credits stop if you leave BP, regular interest credits will continue until you elect to withdraw your benefit from the plan.

### Your Opening Account (if applicable)

**If you were a participant in the BP America Retirement Plan on December 31, 1988 and then transitioned to the cash balance formula under BP RAP on January 1, 1989, you received an Opening Account balance that reflected a lump sum value of the benefit you had accrued to that date under the BP America Retirement Plan.**

If you are a member of another employee group, including certain rehires, that became eligible for the BP RAP after January 1, 1989, you also may have received an Opening Account balance that reflected a lump sum value of the benefit you had earned under your group's prior retirement plan before it merged into the BP RAP.

Your Opening Account does not receive monthly pay credits, but it is credited monthly with both supplemental and regular interest credits. The total (combined) annual interest rate is 150% of the regular interest crediting rate.

Your Opening Account will continue to receive this supplemental interest as long as you are employed by BP. The supplemental interest credits stop if you leave BP; however, regular interest credits will continue until you withdraw your benefit from the plan.

## Grandfathered provisions

Certain employees whose ongoing pension accrual is under the cash balance formula only, may be covered under a grandfathered formula for prior period of service. In this case, the winning benefit will be paid. In addition, if you were at least age 50 under the BP Retirement Accumulation Plan on January 1, 1989, you're eligible for the grandfathered BP America Retirement Plan pension formula that was in effect on December 31, 1988.

### **When you retire or leave BP**

You can choose to take a distribution from the RAP as soon as you leave BP, or you can leave your balances in the plan where they will continue to earn regular interest credits. You can also roll over your balances to the BP Employee Savings Plan or to an IRA or other tax-qualified retirement plan.

When you take your distribution, several forms of payment are available including:

- **Lump Sum** – A single cash payment;
- **Single Life Annuity** – A fixed monthly benefit payable for your lifetime; or
- **Joint and Survivor (J&S) Annuity** – A reduced monthly benefit payable for your lifetime, with a percentage (i.e., 25%, 50%, 75% or 100% of that amount) continuing to your spouse or other beneficiary for their lifetime if you die first.

A complete list of payment options is available on the NetBenefits website at [www.netbenefits.fidelity.com](http://www.netbenefits.fidelity.com).

If you're married, spousal consent is required for any form other than a 50% or greater J&S annuity with your spouse as the joint annuitant. Benefits of \$1,000 or less are automatically paid as lump sums, and – unless you choose another form of payment – benefits greater than \$1,000 but not exceeding \$5,000 are automatically rolled over into a Fidelity IRA.

## Learning more about your retirement benefits

Although retirement calculations can be complicated, BP has provided you with an easy-to-use online calculation and modeling tool that you can use to explore various retirement scenarios. Just go to Fidelity's NetBenefits website [www.netbenefits.fidelity.com](http://www.netbenefits.fidelity.com), and select the BP Retirement and Savings Plans Online Tool.

This tool allows you to log on and manage your retirement accounts. You can:

- View your pension benefit – see your pension benefit under various forms of payment and model your pension benefit based on different assumptions about retirement dates, salary and bonus projections, and interest rates;
- Manage your savings plans – see current balances and portfolio allocations, change contribution percentages and investment allocations, transfer money between investment options;
- Manage personal information such as your beneficiary designation; and
- Learn more about planning for retirement.

## How to calculate your pension benefit

1. In your Web browser, go to [www.netbenefits.fidelity.com](http://www.netbenefits.fidelity.com) and log in. If you have logged in before, you will need either your Social Security number or the customer ID you previously set up, as well as the PIN you chose. If you're new to NetBenefits, you'll need to go through the New User Registration process.
2. On the **Home Page**, you'll see the balances and portfolio totals for your retirement accounts. Click on the BP Retirement Accumulation Plan.
3. To model your benefit, click on **Estimate a Payment** under **Act** on the left hand side of the screen.
4. The **Estimate a Payment Page** will allow you to enter various assumptions that apply when estimating your pension benefit – including when you want to stop working (or retire), when you want to start receiving your benefit, as well as any salary increases, bonus percentages, and interest rates over time. After entering your assumptions, click **Calculate**.
5. The program will display your retirement plan benefit based on the assumptions you've entered.

**Note:** If you cannot model your pension benefit online, call the BP Retirement Services at Fidelity (1-877-272-3334) to request an estimate. Once requested, Fidelity will mail your calculation to your address on file within 7-10 business days.

For help with NetBenefits, or if you have any questions about your grandfathered retirement benefits, call BP Retirement Services toll-free at 1-877-272-3334 Monday through Friday, between 7:30 a.m. and 11:30 p.m. (central time), to speak with a service center representative.

**Disclaimer**

This brochure presents a high level explanation of certain provisions of the BP Retirement Accumulation Plan. In the event of any discrepancy between the material covered in this brochure and the official Plan Document and/or Summary Plan Description, the Plan Document and/or the Summary Plan Description shall prevail.

BP reserves the right to amend or terminate the plan or any of its features at any time (subject to collective bargaining where applicable).



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