

Transition of the BorgWarner Inc. Retirement Savings Plan to Empower



Frequently asked questions

This document provides answers to frequently asked questions about the transition of recordkeeping services for the BorgWarner Inc. Retirement Savings Plan (the 401(k) Plan) from Vanguard to Empower.

Overview

1. What is happening?

Effective October 1, 2024, the 401(k) Plan's recordkeeping and administrative services will move from Vanguard to Empower. **This move will happen automatically. You do not need to take any action for your account to transfer.**

2. What is a 401(k) plan recordkeeper?

The recordkeeper tracks your 401(k) Plan payroll contributions and investment elections and processes enrollments, deferral/contribution rate changes and withdrawals. With the transition to Empower, you will also be able to access enhanced resources to support your financial wellness, including savings scenario modelers, budgeting tools, retirement spend-down strategies and more.

3. Why is BorgWarner changing the 401(k) Plan recordkeeper?

BorgWarner regularly reviews the 401(k) Plan to ensure it remains competitive with reasonable fees, state-of-the-art technology, and exceptional service levels for plan participants. The decision to move the 401(k) Plan to Empower was based on a comprehensive due-diligence process. With the move to Empower, you will experience the following benefits:

- Enhanced website and mobile experience
- Greater access to planning tools
- Expanded hours to speak with phone representatives weekdays from 8 a.m. to 10 p.m. and Saturdays from 9 a.m. to 5:30 p.m. Eastern time

4. Who is Empower?

Empower is the second-largest retirement plan recordkeeper in the U.S. Empower serves more than 18 million individuals and over 82,000 plans¹. They take great pride in providing tools and resources to help people see their full financial picture and gain financial freedom. The genesis of Empower dates back to 1891, when our parent company was founded as an insurance firm on the Canadian prairie. After more than a century of expansion, the modern iteration of Empower was launched in 2014.

¹ As of March 31, 2024. Information refers to all retirement business of Empower Annuity Insurance Company of America (EAICA) and its subsidiaries, including Empower Retirement, LLC; Empower Life & Annuity Insurance Company of New York (ELAINY); and Empower Annuity Insurance Company (EAIC), marketed under the Empower brand.

5. Why did BorgWarner select Empower over Fidelity, Bank of America, Charles Schwab, or another vendor?

A cross-functional committee conducted an extensive review of multiple recordkeeping vendors, including Fidelity, accounting for fees/costs, service levels, portal and app capabilities. After reviewing these features with each vendor, the committee unanimously determined that Empower is the best fit for our participants as a result of significantly lower fees, a well laid out, user-friendly portal and tools, better customer service hours and a superior client team experience. We are confident that once our participants have had the chance to explore what Empower has to offer, they'll agree.

6. How will the new recordkeeper improve my retirement plan compared to what Vanguard had to offer?

Empower's tools are better suited to aid in budgeting and planning for the future. With a more user-friendly interface, new (to us) budgeting tools, and a more focused customer service team, you will be better equipped to manage your retirement savings and investment options.

7. Are there any new costs or fees I should be aware of?

Quarterly fees are being reduced from \$39 per year to \$10 per year for participants and will still be deducted from participant's accounts on a quarterly basis at \$2.50 per quarter. Participants will be responsible for individual fees, such as loan set-up and maintenance fees (on new loans) and distribution and withdrawal fees. In August, a transition guide and regulatory notices will be mailed to your home.

8. How do the fees compare between the old and new vendors?

The fees are significantly reduced with Vanguard charging \$39 per account per year versus only \$10 per year with Empower.

Transitioning account information and assets from Vanguard to Empower

9. When is this transition happening?

The transition will occur on October 1, 2024. Empower will mail a comprehensive guide about the transition to your home in August. This transition guide packet includes important dates and deadlines and regulatory notices with additional information about the transition.

10. What action do I need to take before the transition?

You are not required to take any action. Your contribution rate (if applicable) will be carried over to Empower, and your investment allocations will move according to the strategy outlined in the transition guide that will be mailed to your home in August. However, you're encouraged to evaluate your investment allocations and review the fund mapping strategy before the blackout period.

11. What action do I need to take after the transition?

After the transition, please review your beneficiaries and update as needed. It would be prudent to review your investment and account details to ensure that your account meets your retirement and financial objectives.

Blackout period

12. How will the 401(k) Plan recordkeeping transfer to Empower?

To ensure all information transfers accurately from Vanguard to Empower, a brief "blackout period" will be required during which certain transactions, such as changes to investments or contribution elections, will be placed temporarily on hold. This period is necessary for the administrative change of recordkeepers and to transfer the 401(k) Plan's records and assets. **The blackout period will begin at Vanguard on September 25, 2024, at 4 p.m. Eastern time.**

During the 401(k) Plan transition, your assets will be subject to gains or losses due to market performance, and you will be unable to view your account or perform any transactions. Details on the blackout period will be provided in the transition guide packet that will be mailed to your home in August.

13. What is a blackout period, and why is it required?

A blackout period, sometimes referred to as a freeze period, is a window of time during which a temporary restriction of account transactions is in effect to ensure an orderly transition of assets from Vanguard to Empower.

14. When is the blackout period?

The blackout period will begin at Vanguard on September 25, 2024, at 4 p.m. Eastern time. The blackout period is expected to end at Empower the week of October 13, 2024. It is important that you understand the schedule of activities for this move and plan accordingly.

15. What transactions are restricted during the blackout period?

Once the blackout period begins, you will not be able to conduct the following transactions:

- Move money between funds
- Change the funds you invest your money in
- Change the amount of each paycheck you invest
- Change the address on your account
- Request a loan
- Make unscheduled loan payments
- Request withdrawals or distribution

16. Will contributions continue during the blackout period?

Yes, payroll deductions will continue as usual during the blackout period and will be reflected in your account at Empower after the blackout period ends.

17. How will accounts transfer?

During the blackout period, Vanguard will transfer account details to Empower. Your personal account information and elected plan features, including your deferrals, investment allocations, and beneficiaries, will carry over to Empower.

18. Can I access my 401(k) money if I leave BorgWarner during the blackout period?

Once the blackout period begins on September 25, 2024, through the end of the blackout period during the week of October 13, 2024, you will be unable to request distributions regardless of employment status. When the blackout period ends, all transaction restrictions will be removed.

19. I'm a new employee. How will the blackout period impact my participation in the 401(k) Plan?

If you are enrolled in the 401(k) Plan before the start of the blackout period, your plan contributions will continue. Because the plan will be under temporary restriction beginning on September 25, 2024, the enrollment window for newly eligible employees will start once the blackout period has ended.

What stays the same

20. Will the Company Match and Company Contributions remain the same?

Yes, with the transition to Empower, the company match and company contribution will remain the same.

21. Will other plan features change, like vesting requirements, loan amounts, hardships and withdrawals?

No, vesting requirements, hardships and withdrawals are not changing at this time. Following a loan payoff, there will now be a 30-day waiting period to request a loan.

22. How will our funds from Vanguard be mapped over to Empower?

Our funds are not changing with the transition of recordkeeper. The investment options in our 401(k) Plan will remain the same and will map to current investment selections.

23. Will I be able to continue making loan payments?

Yes, loan payments from your paycheck will continue as normal and be applied to your account once the blackout has been lifted.

What's new

24. Will the 401(k) Plan offer a managed account service?

Yes, you will have access to a personalized investment strategy at Empower through My Total Retirement™. You're unique, and your investing strategy should be, too. My Total Retirement is a strategy created just for you by experienced investment professionals who get to know your unique situation, consider your goals and monitor your investments to help you reach the future you imagine. There is an asset-based fee for this service. You may enroll in My Total Retirement at Empower once the transition is complete. To find out more or get started, visit empower.com/borgwarner the week of October 13, 2024.

NOTE: If you had a managed account at Vanguard through the Professional Management Program, your account assets will be transferred in-kind to Empower.

25. Will the Retiree Healthcare Account (RHA) continue to be offered in the 401(k) Plan?

BorgWarner has conducted a competitive benefits analysis and determined that a Retiree Healthcare Account is not part of the typical 401(k) plan offering in the marketplace. Effective October 1, 2024, future employee and employer contributions into the Retiree Healthcare Account (RHA) will no longer be an option in the 401(k) Plan.

If you wish to continue to save for your future healthcare expenses in retirement, BorgWarner offers a Health Savings Account (HSA) as part of the HSA Saver Medical Plan. It is an effective retirement savings tool that can complement your 401(k) and be a valuable part of your future financial goals. To learn more about the HSA, visit Borgwarner.com/Benefits.

26. Can the Retiree Healthcare Account (RHA) be rolled into the 401(k) or HSA?

The RHA is part of your 401(k) account. Your current RHA account balance will continue to be displayed. There will be no change to the disbursement process. Disbursements will remain available as you meet eligibility criteria for the RHA account balance. These funds will also show at Empower in your Lifetime Income Score and be reflected in budgeting tools. The RHA funds cannot be transferred to the HSA account.

Accessing and managing your account

27. How do I contact Empower?

After the transition period ends the week of October 13, 2024, information about your account will be at your fingertips or just a call away! You can log in to your account at Empower to check your account balance and investment allocations, perform transactions, link additional accounts for a fuller financial wellness experience and learn more about planning for retirement and managing your money today.

You will be able to access your new account at Empower in several ways after the blackout is lifted the week of October 13, 2024:

Online: Manage your account at empower.com/borgwarner or via single sign-on from Workday.

Mobile app: Download the Empower app available on Google Play™ or from the App Store® from Apple®.

Toll-free phone line: Contact Empower at **833-BWR-2026**. Representatives are available weekdays from 8 a.m. to 10 p.m. and Saturdays from 9 a.m. to 5:30 p.m. Eastern time.

28. Does Empower offer an app for my mobile device?



Yes, you can access your retirement account right from your iOS® or Android™ device. You can view and manage your account anywhere, anytime with the Empower app for your mobile device or Apple Watch® available in the App Store from Apple for iOS® or on Google Play for Android™. When searching for the app, simply look for the Empower logo.

29. Will I have a new account website?

Yes, changing our 401(k) Plan recordkeeper means that you will log in to a new website, or call a new service center, to view/access your account balance and contributions, make changes to your investment elections or contribution rate or request a distribution.

30. Will I need to designate an account beneficiary?

If you have a beneficiary designation with Vanguard, this election will transfer to Empower. After the week of October 13, 2024, you will be able to add or update beneficiaries through the Empower website or by calling Empower. We encourage you to verify your beneficiary designation to be sure it reflects your current wishes.

What to expect

31. Where can I learn more?

August 2024: If you are currently participating in the 401(k) Plan or are eligible to enroll, a transition guide packet explaining everything you need to know about the transition to Empower will be mailed to your home address in August.

Week of October 13, 2024: The blackout period is expected to end, and you will have access to your account at Empower. As soon as the blackout has been lifted, you will receive an email advising that you can now access your new account at Empower.

October 2024: Attend an online webinar to learn more about how to register your Empower account and access new tools and services. Look for more information in September.

Data security

32. How does Empower ensure my data is secure?

At Empower, data security is always a top priority. Empower layers its internal controls with a rigorous information security program based on industry standards and best practices. In addition, all vendor partners, including Vanguard and Empower, are subject to significant information technology (IT) security reviews and requirements.

Empower stands behind its online security with the Empower Security Guarantee. The guarantee states that Empower will restore losses from your account that occur as a result of unauthorized transactions through no fault of your own. It is important to follow current and prudent online security practices, review your accounts regularly for any unusual activity, maintain strong passwords and more. For more information regarding account security, including the Empower Security Guarantee, visit empower.com and, from the list of additional links at the bottom of the page, click Security center.

Questions?

33. How can I get answers to questions?

- If you have account-related questions before September 25, 2024, contact Vanguard at 800-523-1188 or access your account online at vanguard.com.
- For transition-related questions during the blackout, or for account-related questions after the transition, contact Empower at **833-BWR-2026 (833-297-2026)**. Representatives are available weekdays from 8 a.m. to 10 p.m. and Saturdays from 9 a.m. to 5:30 p.m. Eastern time.
- For additional questions about the transition or the 401(k) plan, please call BorgWarner's HR Link team at **844-429-5465**.



Carefully consider the investment option's objectives, risks, fees, and expenses. Contact Empower for a prospectus, summary prospectus for SEC-registered products, or disclosure document for unregistered products, if available, containing this information. For prospectuses related to investments in your self-directed brokerage account (SDBA), contact your SDBA provider. Read them carefully before investing.

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