

This notice gives you important information about certain features of the BMO 401(k) Savings Plan (the “401(k) Savings Plan”, or “Plan”), including the Plan’s automatic enrollment feature and BMO’s matching and core contributions. The notice covers these points:

- Whether the Plan’s automatic enrollment feature applies to you;
- What amounts will be automatically taken from your pay and contributed to the Plan;
- What other amounts the BMO will contribute to your Plan account;
- How your Plan account will be invested;
- When your Plan account will be vested;
- When you can get your Plan account; and
- How you can change your contributions.

All newly hired regular and part-time employees working for BMO Bank N.A., or other eligible U.S. Bank of Montreal affiliates, are immediately eligible to participate in the 401(k) Savings Plan as soon as administratively possible after date of hire or transfer to an eligible U.S. BMO affiliate company.

As a new employee or otherwise newly eligible to join the Plan, you will immediately earn BMO’s 2% Core Contribution. You will also be automatically enrolled with a 5% before-tax contribution that begins as soon as administratively possible after 60-days from date of hire, unless you elect otherwise. You can choose a different contribution rate from 1% to 25% of eligible pay, or you can opt-out of participating in the Plan.

In addition, the Plan will automatically increase your contribution rate by 1% each calendar year (effective on January 1 of each year after your first anniversary of initial employment/eligibility), until it reaches 10% of eligible pay, unless you elects otherwise.

Keep in mind that BMO will match one dollar for each dollar you contribute, up to 5% of your eligible pay, subject to applicable IRS limits. So, to get the most from these matching contributions, you must contribute at least 5% of your eligible pay each pay period.

You can find out more about the 401(k) Savings Plan in other documents, notices and resources located on bmousbenefits.com, including the Plan’s Summary Plan Description (SPD). You can also access your Plan account by calling Empower at 1-844-728-4015 or online via [Workday](https://workday.com), or empower.com/BMO401k.

Please contact the BMO Human Resources Centre at 1-888-927-7700 if you have any questions.

Frequently Asked Questions

1. Does the Plan’s automatic enrollment feature apply to me?

The Plan’s automatic enrollment feature will not apply to you if you already elected to make contributions to the Plan or to not contribute. If you made an election, your contribution level will not automatically change. But, you can always change your contribution level at any time online or by contacting Empower.

2. If I do nothing, how much will be taken from my pay and contributed to the Plan?

If you do not make an election to contribute or not to contribute online or by calling Empower you will be automatically enrolled in the Plan after 30-days and 5% of your eligible pay for each pay period will be taken from your pay before-tax and contributed to the Plan. After the first anniversary of your initial employment/eligibility, your contribution level will increase by 1% each year (unless you choose a different level), until it reaches 10% of your eligible pay. To learn more about the Plan's definition of eligible pay, you can review the Plan's SPD located on bmousbenefits.com.

Your contributions to the Plan are taken out of your pay and are not subject to federal income tax at that time. Instead, they are contributed to your Plan account and can grow over time with earnings. Your account will be subject to federal income tax only when withdrawn. This helpful tax rule is a reason to save for retirement through Plan contributions.

Contributions will be taken out of your pay if you do nothing. But you are in charge of the amount that you contribute. You may decide to do nothing and become automatically enrolled, or you may choose to contribute an amount that better meets your needs. You can change your contributions by online or by calling Empower.

If you want to contribute more to your account than would be provided automatically, there are limits on the maximum amount. These limits are described in the Plan's SPD located on bmousbenefits.com.

3. In addition to the contributions taken out of my pay, what amounts will BMO contribute to my Plan account?

Besides contributing the amounts taken from your pay, BMO will make other contributions to your Plan account. BMO will match, on a dollar-for-dollar basis, the first 5% of eligible pay you contribute each pay period. These matching contributions will be made if you are automatically enrolled or if you choose your own contribution level. You'll also receive a core contribution from BMO equal to 2% of your eligible pay (base pay plus incentive pay, up to IRS limits). You'll receive this core contribution even if you don't contribute to the 401(k) savings plan. BMO's matching contributions depend on the amount you contribute out of your pay each pay period.

For example:

If you earn \$1,000 in eligible pay during a pay period, BMO will automatically contribute a core contribution of \$20 (that is, 2% x \$1,000) into your Plan account. If you elect to contribute 5% of your pay, BMO will deduct \$50 from your pay for the pay period (that is, 5% x \$1,000). The \$50 will be put in your Plan account. BMO will also make a dollar-for-dollar matching contribution to your Plan account of \$50 for the pay period. Therefore, if you are automatically enrolled or if you affirmatively elect to contribute 5%, a total of \$140 will be contributed to your account for the pay period.

4. How will my Plan account be invested?

The Plan lets you invest your account in a number of different investment funds. Unless you choose a different investment fund or funds, your Plan account will be invested in the Plan's qualified default investment alternative ("QDIA"). The QDIA for your Plan account will be an age appropriate target date fund. Your default target date fund is the **BlackRock LifePath Fund** with the target date closest to the year in which you will reach age 65. For more information about the QDIA, please refer to the [Notice of Qualified Default Investment Alternative \(QDIA\)](#), located on bmousbenefits.com.

You can change how your Plan account is invested, among the Plan's offered investment funds, online or by calling Empower. To learn more about the Plan's investment funds and procedures for changing how your Plan account is invested you can review the Plan's SPD located on bmousbenefits.com or contact Empower.

5. When will my Plan account be vested and available to me?

In the Plan, any contributions you make, plus any BMO match on those contributions, are always 100% vested right away. With BMO's 2% core contribution, you need to have three years of service to be vested.

To be fully vested in Plan contributions means that the contributions (together with any investment gain or loss) belong to you, and you will not lose them if you leave BMO. For more information about years of service, you can review the Plan's SPD located on bmousbenefits.com or contact Empower.

Even if you are vested in your Plan account, there are limits on when you may withdraw your funds. These limits may be important to you in deciding how much, if any, to contribute to the Plan. Generally you may only withdraw vested money after you leave your job, reach age 59-1/2, or become disabled. Also, there is generally an extra 10% tax on distributions before age 59-1/2. The portion of your account attributable to BMO's 2% core contribution is only available for distribution after you have completed three or more years of BMO service and terminate employment. For more information about Plan withdrawals and distributions, you can review the Plan's SPD located on bmousbenefits.com or contact Empower.

Your beneficiary can get any vested amount remaining in your account when you die. You also can borrow certain amounts from your vested Plan account, and may be able to take out certain vested money if you have a hardship. Hardship distributions must be for a specified reason. Before you can take a hardship distribution, you must have taken other permitted withdrawals and loans. You can learn more about the Plan's hardship withdrawal and loan rules in the Plan's SPD located on bmousbenefits.com or contact Empower. You can also learn more about the extra 10% tax in IRS Publication 575, Pension and Annuity Income.

6. Can I change the amount of my contributions?

You can always change the amount you contribute to the Plan at any time. If you know now that you do not want to contribute to the Plan (and you haven't already elected not to contribute), you will want to make an election online or by calling Empower no later than 30-days following your hire date. That way, you avoid any automatic contributions. Your contributions **cannot** be refunded if you opt out at a later date.

If you have any questions about how the Plan works or your rights and obligations under the Plan, or if you would like a copy of the Plan's SPD or other Plan documents, please contact the Human Resources Centre at 1-888-927-7700.