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INVOLVED

# UTC Employee Savings Plan Enrollment Guide

2011



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## QUESTIONS ABOUT THE UTC SAVINGS PLAN?

### VISIT:

Your **Gateway** through **Employee Self Service (ESS)** or via the internet at  
[www.mydirectory.com/utc](http://www.mydirectory.com/utc).

### CALL:

**AccessDirect** at **1-800-243-8135** and follow the prompts for **Retirement & Investments**.  
Representatives are available from 8:00 a.m. to 9:00 p.m. Eastern Time (ET),  
Monday through Friday.

The UTC Savings Plan is intended to be a "Section 404(c) plan" within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended from time to time. As a Section 404(c) plan, the Savings Plan provides participants with substantial benefits — but also comes with substantial responsibilities. For example, the Savings Plan offers participants a broad range of investment options, as well as access to sufficient information and tools to help you make informed investment decisions. The Savings Plan also permits you to move your assets between investment options at virtually any time, subject to reasonable "excessive trading" rules. But Savings Plan participation (like participation in any Section 404(c) plan) also comes with important responsibilities. Perhaps most importantly, you are solely responsible for investment decisions and the results of those investment decisions. This means that neither UTC, the Plan, the Plan's Administrator, nor any fiduciary has any legal liability if you suffer any investment losses as a result of your decision to participate in this Plan. In the event of any conflict between the information in this document and the UTC Employee Savings Plan document, the Plan document will govern. Please keep in mind that UTC has the right to terminate the Plan or to change any of its terms, including its benefits formula, at any time.

## ENROLLING IN THE UTC SAVINGS PLAN

Saving for retirement today is important for your future financial health. To make saving for retirement convenient and rewarding for you, UTC offers the Savings Plan. Unless you enroll on your own or opt out within 45 days of your hire date, you'll be **automatically enrolled** in the Savings Plan.

While automatic enrollment can be a good start for some, UTC encourages you to **actively enroll** and make savings and investment decisions based on your unique retirement goals. By playing an active role in your retirement, you can choose the most appropriate contribution rate and investment option(s) for your current situation and future savings goals.

This guide will explain how you can make the most of the Savings Plan by outlining the key features of the Savings Plan and detailing the investment options available to you.

**By joining the  
Savings Plan,  
you'll benefit  
from:**

- Convenient, automatic saving through payroll deductions
- Tax benefits and the power of compounding, which can help your money grow
- Diverse investment options to suit your needs
- Tools and resources to help you make informed decisions

You may also be eligible to receive Company matching and/or automatic contributions. See the *Summary Plan Description* for details.

## ENROLLMENT IS AUTOMATIC

If you're automatically enrolled in the Savings Plan, 6% of your before tax eligible earnings will be deducted from your pay each pay period and will be invested in the Target Retirement Fund nearest to your age 65 retirement date. As you move closer, and eventually into retirement, the Fund automatically adjusts to a more conservative mix of investments. Refer to the chart below for additional details:

If you were born...		The age-appropriate Target Retirement Fund is...
On or before 12/31/42	→	Target Retirement 2005 Fund
1/1/43 – 12/31/47	→	Target Retirement 2010 Fund
1/1/48 – 12/31/52	→	Target Retirement 2015 Fund
1/1/53 – 12/31/57	→	Target Retirement 2020 Fund
1/1/58 – 12/31/62	→	Target Retirement 2025 Fund
1/1/63 – 12/31/67	→	Target Retirement 2030 Fund
1/1/68 – 12/31/72	→	Target Retirement 2035 Fund
1/1/73 – 12/31/77	→	Target Retirement 2040 Fund
1/1/78 – 12/31/82	→	Target Retirement 2045 Fund
1/1/83 – 12/31/87	→	Target Retirement 2050 Fund
1/1/88 – Present	→	Target Retirement 2055 Fund

### Did you know?

Please note that you can change your contribution percentage, contribution type, and investment options any time after being automatically enrolled in the Savings Plan by visiting **Your Gateway**.

## WHY SAVE NOW?

The reality is that most of us will be responsible for providing the majority of our retirement income. Longer life spans, the rising cost of living, and increasing health care costs are all compelling reasons to begin saving through the Savings Plan.

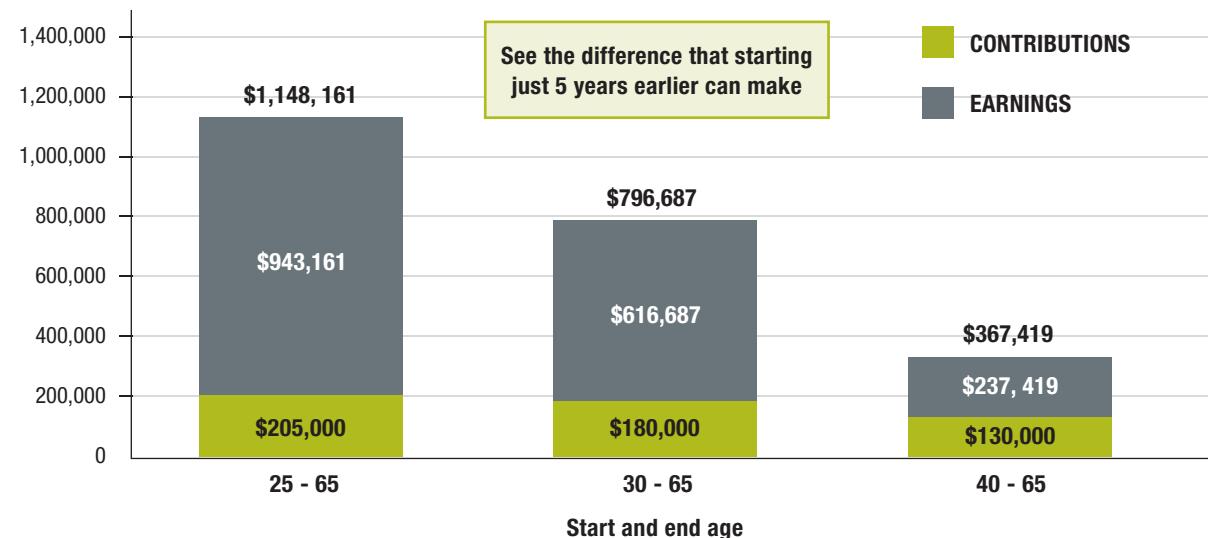
### How Compounding Can Help You Save

Compounding means that each dollar you contribute has the potential to generate earnings, or grow. Those earnings may then generate more earnings, and so on. Compounding starts slowly but builds momentum over time.

And, since earnings on before tax and after tax contributions aren't taxed until you make a withdrawal, the money you don't pay in taxes stays in your account and accelerates compounding. Roth 401(k) contributions go one step further: the money in your account is sheltered from taxes and can be withdrawn tax free if certain requirements are met. See page 4 to learn more about contribution types.

The following example shows how \$5,000, invested annually over different periods of time, will grow as a result of compounding.

#### COMPOUNDING: EVEN MORE POWERFUL OVER TIME



This hypothetical example assumes contributions on 1/1 of each year and a 7% annual rate of return compounded monthly. The ending values do not reflect taxes, fees, or inflation. Earnings and before tax (deductible) contributions are subject to taxes when withdrawn. Investing in this manner does not ensure a profit or guarantee against a loss in declining markets. Your own Savings Plan account may earn more or less than shown in this example.

## STEP 1: DECIDE HOW MUCH TO SAVE

Before you choose how much money to contribute from each paycheck to your Savings Plan account, it's important that you understand the types of contributions you can make. In the tables below, you'll find the tax advantages and other characteristics of each contribution type, followed by the Plan/IRS limits for each.

		CONTRIBUTION TYPE	
	BEFORE TAX	ROTH 401(k)*	AFTER TAX*
Employee Contributions	Contributions come out of your pay before taxes are deducted, which can reduce your taxable income and therefore, your current tax bill.	Contributions come out of your pay after taxes are deducted, so your taxable income and current tax bill will not be reduced.	
Tax Treatment upon Withdrawal	Contributions and earnings are taxed upon withdrawal.	Contributions are not taxed upon withdrawal, nor are earnings as long as:  1) It's at least five years from the date of your first Roth 401(k) contribution AND  2) Earnings are withdrawn after age 59½ or are distributed upon your disability or death.	Contributions are <b>not</b> taxed upon withdrawal, but earnings are taxable.
May Be Suitable if You...	Want to save on taxes today and expect to be in a lower tax bracket in retirement.	Want the maximum amount of tax-free money available in retirement; expect to be in a higher tax bracket in retirement.	Want tax-free money available in retirement; expect to be in a higher tax bracket in retirement.

\* Note: If you want to contribute on an after tax basis, carefully consider the tax benefits available with Roth 401(k) contributions compared to traditional after tax contributions.

2011 ANNUAL CONTRIBUTION LIMITS	
Maximum Compensation Limit	\$245,000
Maximum Before Tax and/or Roth 401(k) Contributions, Excluding Catch-up Contributions	\$16,500
Maximum Contribution Limit Including employee contributions, Company match/automatic contributions, excluding catch-up contributions	The lesser of: 100% of eligible pay or \$49,000
Maximum Before Tax and/or Roth 401(k) Catch-up Contributions	\$5,500
Highly Compensated Employee A highly compensated employee is an employee who earned \$110,000 or more in 2009, as defined by the IRS.	Before tax: 12%   After tax: 6%   Roth 401(k): 12% Combined Maximum Contribution: 18%
Non-Highly Compensated Employee	Refer to the <i>Summary Plan Description</i> , viewable at <b>Your Gateway</b> .

**Not sure what contribution types are right for you?**

For help choosing the best contribution type for your situation, visit **Your Gateway**.

## NEED HELP DECIDING HOW MUCH TO SAVE?

It's important to save as much as you can through the Savings Plan. However, if you're like most people, you face a number of competing financial priorities and may not be able to contribute as much as you'd like right away. If that's the case, simply contribute whatever you can to the Savings Plan, and look for opportunities to increase contributions over time.

### Make saving automatic.

One easy way to save more is electing the automatic increase option when you enroll. Your contributions will automatically increase annually by an amount you select until you reach your goal rate. You can choose the month and day of your increase. However, if you make an election in the current month, your first annual increase will occur next year.

Still not sure you can afford to save? Even if you think every dollar in your budget is accounted for, you might be surprised where you can find extra money and how much it can add up to over time, as the table below shows.

FIND MONEY TO SAVE			
COMMON PURCHASES AND THEIR PRICE	MORNING COFFEE	2 MOVIE TICKETS & POPCORN	LUNCH OUT EACH WORKDAY
ANNUAL COST	\$913	\$1,534	\$1,170
INVESTED FOR 30 YEARS	\$89,479	\$150,340	\$114,666

This hypothetical example is for illustrative purposes only. Example assumes monthly contributions made at the beginning of each month into a retirement savings plan and a 7% annual rate of return compounded monthly.

### About Company contributions...

The Company match can also be a powerful feature in helping you build your retirement savings. To see if you're eligible for this benefit, please refer to the *Summary Plan Description*, viewable at **Your Gateway**. If eligible, be sure to contribute enough to receive the full match, which is free money. Please note that if you're eligible to receive Company automatic contributions, you will not be required to make your own contributions to the Savings Plan in order to receive them.

## STEP 2: CHOOSE YOUR INVESTMENTS

The Savings Plan offers flexible options that can help you diversify and manage your investment portfolio. Depending on your investment know-how and risk tolerance, you can use any one or a combination of the following ways to determine how to invest your savings:

1

### LET A PROFESSIONAL MANAGE IT FOR YOU – using the Target Retirement Funds

Target Retirement Funds offer “built-in” diversification within a single investment option. To choose the Target Retirement Fund that’s right for you, simply pick the one closest to the year in which you expect to retire (or the year in which you anticipate drawing on your retirement account). As you approach this target retirement date, the Fund will automatically move from a more aggressive investment mix to a more conservative investment mix.

2

### DO IT YOURSELF – using six core options and UTC stock

You can mix and monitor the core funds to achieve diversification among several asset classes. When creating your own investment strategy, it’s important to consider a number of factors, including your:

- **Time horizon until retirement.** More aggressive investments may be appropriate if retirement is still far away and you have time to recover from market losses. More conservative investments may be appropriate if retirement is approaching, since they may lessen the negative impact a market downturn could have on your savings.
- **Tolerance for investment risk.** If you can tolerate stock market fluctuations for the chance to earn greater investment returns, more aggressive investments may be appropriate. If your worries about losing money outweigh your desire to pursue potentially higher returns, more conservative investments may be appropriate.
- **Savings goals.** If you need to accumulate a sizable retirement nest egg, investing in more aggressive investments that can produce a higher return may be appropriate. If you’re closer to reaching your retirement goals, more conservative investments that can help reduce risk may be appropriate.

3

### DO IT YOURSELF WITH MORE CHOICE – using a mutual fund brokerage window (at an additional cost)

The mutual fund brokerage window, which provides access to over 8,000 funds, is designed for those with very specific investment views. It may be attractive to you if you’re an experienced investor looking for a wider range of options from which to choose, and you want to research and monitor your investments on your own. It’s important to know that the brokerage window costs more and often carries additional investment risk. Specifically, you’ll pay a \$15 quarterly maintenance fee for access to the program. In addition, many of the mutual funds available are actively managed and carry higher investment management fees than the Savings Plan’s low-cost, core investment options. Some are also subject to transaction fees. Please carefully consider the additional costs and risks before investing in the brokerage window.

#### Stay Balanced

Once you choose the investment strategy that’s best for you, we encourage you to review it regularly, especially any time your personal situation changes.

#### What is diversification?

The Savings Plan offers a broad selection of investment options and asset classes, providing you the opportunity to manage investment volatility and risk by diversifying your investments. Diversification means balancing your risk by choosing different investment options to help make your savings less vulnerable to declines in any single asset class or stock. Investment professionals agree that ***diversification is a risk reduction strategy.***

## Three Approaches at a Glance

CHOICE 1: LET A PROFESSIONAL MANAGE IT FOR YOU	CHOICE 2: DO IT YOURSELF	CHOICE 3: DO IT YOURSELF WITH MORE CHOICE
<b>TARGET DATE</b> <ul style="list-style-type: none"><li>■ Target Retirement 2005 Fund</li><li>■ Target Retirement 2010 Fund</li><li>■ Target Retirement 2015 Fund</li><li>■ Target Retirement 2020 Fund</li><li>■ Target Retirement 2025 Fund</li><li>■ Target Retirement 2030 Fund</li><li>■ Target Retirement 2035 Fund</li><li>■ Target Retirement 2040 Fund</li><li>■ Target Retirement 2045 Fund</li><li>■ Target Retirement 2050 Fund</li><li>■ Target Retirement 2055 Fund</li></ul>	<b>STABLE VALUE</b> <ul style="list-style-type: none"><li>■ Income Fund Bond</li></ul> <b>BOND</b> <ul style="list-style-type: none"><li>■ Government/Credit Bond Fund</li></ul> <b>EQUITY</b> <ul style="list-style-type: none"><li>■ Equity Fund (S&amp;P 500)</li><li>■ Small Company Stock Fund</li><li>■ International Equity Fund</li><li>■ Emerging Markets Equity Fund</li></ul> <b>SINGLE STOCK FUND</b> <ul style="list-style-type: none"><li>■ UTC Common Stock Fund</li></ul>	<b>BROKERAGE WINDOW</b> <ul style="list-style-type: none"><li>■ Mutual Fund Brokerage Window</li></ul>

### Investment education and planning tools:

To obtain Morningstar® profiles for each investment option, review fund performance, get advice from Financial Engines®, or access investment education and planning tools, visit **Your Gateway**.

### WHAT TYPE OF INVESTOR ARE YOU?

As you learn about the new investment options, you may want to take a few minutes to think about what type of investor you are. Start with the assumption that you're already saving and investing for retirement with the UTC Savings Plan. (If not, there's no better time to start than now.)

If you aren't sure what type of investor you are, you can get a good idea by considering just three questions.

There are no right or wrong answers:

1. Do I have the desire to select my own mix of investment options?
2. Am I comfortable deciding how much to invest in each option?
3. Do I have time to keep an eye on my investments and make changes as I get closer to retirement?

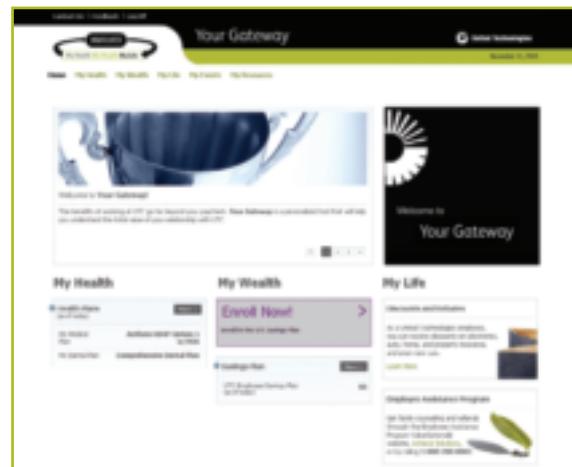
If you answered mostly "no," you can let a professional manage it for you by using the Target Retirement Funds.

If you answered mostly "yes," you may prefer to manage your UTC Savings Plan account on your own by using the six core options and UTC stock and/or the mutual fund brokerage window. However, if you're concerned that additional maintenance fees and/or higher investment management fees are unlikely to be offset by higher investment returns, the brokerage window is not the right option for you.

## STEP 3: ENROLL AND MANAGE YOUR ACCOUNT ONLINE

Now that you've decided how much to save and determined your investment approach, you're ready to enroll on *Your Gateway*.

*Your Gateway* is an integrated, personalized website designed to give you a comprehensive experience — from giving you the ability to more quickly see how you're spending your benefit dollars, to helping you understand the total value of your rewards with UTC.



### To Get Started:

From the Savings Plan section of the *Your Gateway* homepage:

#### ■ Enroll in the Savings Plan

Click on **Enroll Now**. Elect the Plan default contribution and investment elections via the **Quick Enrollment** option, or choose **Expanded Choices** to enter your contribution and investment elections.

#### ■ Elect a beneficiary

Click **More** and a fly-out navigation list will appear. Click on **Beneficiaries**.

- **Update existing beneficiary information.** Click on your beneficiary's name and make changes. To update a beneficiary designation percent, select **Choose Beneficiaries**. Then, select **Primary** or **Contingent** and assign a benefit percentage.
- **Add a new beneficiary.** Select **Choose Beneficiaries**. Then, verify your marital status and add or update information if applicable. Next, choose a beneficiary type and enter beneficiary information. Finally, select **Primary** or **Contingent** and assign a benefit percentage.

### Remember:

Unless you enroll on your own or opt out within 45 days of your hire date, you'll be automatically enrolled in the Savings Plan. If you're automatically enrolled in the Savings Plan, 6% of your before tax eligible earnings will be deducted from your pay each pay period and invested in the Target Retirement Fund nearest to your age 65 retirement date.<sup>1</sup>

<sup>1</sup> While starting to save for retirement is important for your financial future, during the first 90 days after automatic contributions are taken from your pay, you can initiate a withdrawal by calling AccessDirect. The withdrawal will be subject to federal and state income taxes, but not the 10% early withdrawal penalty that normally applies if you are under age 59½.

# TOOLS AND RESOURCES

## Your Benefits Advocate

The service is available through AccessDirect and can help you get answers to your Savings Plan questions, including enrollment, loans, distributions, and other topics. Your benefits advocate will research your issue and work to resolve it on your behalf. Your benefits advocate can also help direct you to additional services available through UTC's benefits offering. To reach a benefits advocate, call AccessDirect at 1-800-243-8135, follow the Retirement & Investments prompts and ask to speak with a benefits advocate.

## Financial Engines

Financial Engines is an independent investment advisor that provides Online Advice. Ideal for do it yourself investors, the Online Advice website gives you access to expert recommendations and tools so you can create a retirement plan and fine-tune your investing strategy yourself. With Online Advice, you can quickly find out how your investments are performing and how much they may be worth when you retire. In just minutes, you can get specific advice about which investments to choose and how much to invest in each one. The balances in your Savings Plan account are pre-loaded into Online Advice. You can also input information about your finances outside of the Savings Plan, so you can take control of your financial future right away. The advice is objective, independent, and confidential. There is no additional cost to you for utilizing this service. You can access Online Advice provided by Financial Engines on *Your Gateway*.

## The Personal Finance Center

The Personal Finance Center is a valuable service that can help with personal finance matters like planning for retirement and debt management. You'll have access to a suite of educational material to help you make decisions about managing your money wisely, saving for college expenses, and becoming retirement ready. Through the Personal Finance Center, you also have access to ClearPoint, a national non-profit organization dedicated to helping consumers identify and resolve their financial problems. ClearPoint counselors can assist you with a comprehensive and confidential assessment of your current financial situation, complete with a working budget, financial education tools, and savings tips. They'll help you make the most of your available income. You'll be able to access the Personal Finance Center through *Your Gateway* or by calling AccessDirect and following the Retirement & Investments prompts.

Visit ***Your Gateway*** through **Employee Self Service (ESS)** or via the internet at  
**[www.mydirectory.com/utc](http://www.mydirectory.com/utc)**.

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