



**The HSBC – North America (U.S.)**

# **Pension Plan Summary Plan Description (SPD)**

**Legacy HSBC Bank**

**Date: May 1, 2021**



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## INTRODUCTION

This Summary Plan Description (SPD) describes the Legacy [HBUS](#) section of the HSBC – North America (U.S.) Pension Plan (the “plan”) as amended through May 1, 2021.

The plan was amended to cease benefit accruals under the Legacy HBUS section after December 31, 2010. Participants in the Legacy HBUS section who were active employees accrued benefits under the [Cash Balance](#) section of the plan between January 1, 2011 and December 31, 2012.

The plan was amended to cease Pay Credits under the Cash Balance section after December 31, 2012. However, participants with Account Balances under the Cash Balance section will continue to accrue interest rate credits until their Account Balances are distributed.

The plan was formerly named the Household Retirement Income Plan. Household International, Inc. (“Household”), the former sponsor of the plan, was acquired by HSBC on March 28, 2003.<sup>1</sup> In 2004, Household transferred sponsorship of the plan to HSBC – North America Holdings Inc. (“HSBC – North America”). HSBC changed the name of the plan to HSBC – North America (U.S.) Retirement Income Plan effective January 1, 2005 and then changed the name of the plan to HSBC – North America (U.S.) Pension Plan effective January 1, 2010. All references in this SPD to the “plan” mean the HSBC – North America (U.S.) Pension Plan which was formerly known as the Household Retirement Income Plan. The plan has been amended and restated periodically. The most recent restatement, which is described in this SPD, became effective January 1, 2010.

The Legacy HBUS section of the plan preserves the terms and provisions of the HSBC Bank USA Pension Plan (the “HBUS Plan”) which was merged into the plan on December 31, 2004. The HBUS Plan was established as the Marine Midland Pension Plan on September 3, 1985. It was the successor of the Retirement System of Marine Midland Banks which was established on January 1, 1945. Marine Midland Bank changed its name to HSBC Bank USA, and changed the name of the HBUS Plan to the HSBC Bank USA Pension Plan, on March 29, 1999.

Former participants in the HBUS Plan include individuals who became employees of HSBC Bank USA, N.A. (“HSBC Bank”) before January 1, 1997, individuals who became HSBC Bank employees as a result of the acquisition of First Federal Savings & Loan Association of Rochester in 1997, individuals who became HSBC Bank employees as a result of the acquisition of Republic National Bank of New York in 1999 and certain other individuals. See [Your Eligibility to Participate](#) beginning on page 11 for a description of who is eligible to participate in the HBUS formula of the plan.

The plan has four “sections.” Each section contains one or more separate benefit formulas applicable to a separate groups of participants and is described in a separate SPD.

- The Cash Balance SPD describes the plan’s Cash Balance section which covers participants who became employees of Household after 1999, participants who became employees of HSBC after 1996 and, beginning on January 1, 2011, covers other employees of Household and HSBC who previously earned pension benefits under the plan’s Legacy Household section or the plan’s Legacy HBUS section.
- The Legacy Household SPD describes the plan’s Legacy Household section which covers participants who first became employees of Household before January 1, 2000.

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<sup>1</sup> Household International, Inc. was renamed “HSBC Finance Corporation” after it was acquired by HSBC. For clarity, this SPD refers to that corporation as “Household” when describing the history of the plan.



- The Legacy HBUS SPD describes the plan's Legacy HBUS section which covers participants who first became employees of HSBC before 1996.
- The Household Manufacturing SPDs describe pension plans sponsored by Household Manufacturing, Inc. Most of the Household Manufacturing plans were amended to cease benefit accruals and merged into the plan on or about March 31, 1989. Separate SPDs describe each of these plans.

This SPD describes the plan's Legacy HBUS section.

The plan is designed to provide benefits when you retire from HSBC. Your spouse or other beneficiary may be eligible for plan benefits if you die before retirement.

You automatically participate in the plan when you become [eligible](#); you do not need to enroll. HSBC – North America and [Participating Employers](#) pay the full cost of the plan.

Important terms and phrases used throughout this document that you should become familiar with are underscored and "linked" (at the first reference on each page) to the [Glossary](#), beginning on page 51.

## **PARTICIPANTS STOP EARNING HBUS FORMULA BENEFITS AFTER 2010**

Participants in the Legacy [HBUS](#) section of the plan stopped earning benefits under the HBUS benefit formula after December 31, 2010. All active participants in the plan who had been earning benefits under the HBUS formula before 2011 were eligible to earn benefits under the [Cash Balance](#) formula in 2011 and 2012. No plan participants earned benefits under any section of the plan after 2012. The Cash Balance formula is described in the Cash Balance SPD.

Although participants stop earning benefits under the HBUS formula and earned benefits under the Cash Balance formula in 2011 and 2012, there is no wear away of HBUS formula benefits:

- Benefits earned through December 31, 2010 under the HBUS formula will be distributed to you at a time and in a manner described in this Legacy HBUS SPD. The calculation of your HBUS formula benefit will take into account your [Benefit Service](#), [Final Average Compensation](#) and [Covered Compensation](#) determined on December 31, 2010, and will not take into account any Benefit Service or pay after that date. However, your eligibility for subsidized early retirement benefits will be determined on the basis of your service earned through the date your employment ends even though that date is later than December 31, 2010.
- All of your pay earned in 2011 and 2012 will be taken into account in determining your benefit under the Cash Balance formula and that benefit will not be offset or reduced by the amount of your HBUS formula benefit. Benefits earned under the Cash Balance formula will be distributed to you at a time and in a manner described in the Cash Balance SPD.





## ABOUT THIS DOCUMENT

This document is a summary of the Legacy HBUS section of the plan, so some provisions are described in condensed form and others are not mentioned at all. This booklet replaces any previous SPDs that describe the Legacy HBUS section.

The official plan document as in effect from time to time during the period you participate in the plan contains all the provisions of the plan and is used to determine how the plan operates, what benefits are paid, and who is eligible to receive them. If there is a conflict between this SPD and the official plan document, the official plan document governs.

You may examine the official plan document at the office of the plan administrator. You can obtain a copy from the [HSBC Benefits Center](#) for a reasonable copying charge. See [Your Rights Under ERISA](#) beginning on page 49.

HSBC reserves the right to amend or terminate the plan at any time.

The plan can be amended only by written instrument executed as directed by the Board of Directors of HSBC – North America or by certain designated officers of HSBC – North America. The plan cannot be amended by any communications or statements, written or oral, made by benefits administrators, HR personnel, or other persons. Therefore, any statements made by such persons that conflict with the official plan document do not govern the plan and are not binding on the plan. Also, any ambiguity in the official plan document must be resolved through an interpretation of the plan document by the [Administrative Committee](#).

If a clerical error or other mistake made in this SPD provides misinformation on eligibility or a miscalculation of benefit amounts, the error or mistake does not create a right to receive benefits. You will receive written notice if the plan makes a payment to you in error and you must return the amount of the overpayment to the plan by the deadline specified in the notice.

Participation in the plan does not guarantee employment with HSBC.



## ACCESSING YOUR PLAN INFORMATION

You can get detailed, personalized information about the plan online, through Your Benefits Resources<sup>2</sup>™, the pension administration Web site ([www.yourbenefitsresources.com/hsbc](http://www.yourbenefitsresources.com/hsbc)) which is maintained by the [HSBC Benefits Center](#).

A variety of tools and resources for accessing your plan information are available. For example, you can:

- Learn how the plan works and how your benefit is calculated;
- Get timely benefit estimates using assumptions of your choosing;
- Choose or change your beneficiaries under the plan;
- Learn how to select the best payment method for your situation;
- Initiate the retirement process and choose how you want your benefit to be paid.

Your Benefits Resources is available 24 hours a day, Monday through Saturday, and after 12:00 p.m. Central time on Sunday.

The Web site uses state-of-the-art technology to ensure that only you have access to your personalized plan information. The first time you visit Your Benefits Resources, click on the "Register as a New User" link. You will be prompted to enter the following personal information to identify yourself:

- The last four digits of your Social Security number;
- Your date of birth (MM-DD-YYYY); and
- Your five-digit home zip code.

You then will be prompted to create a password and user ID of your choice for future access, as well as a hint to help you remember your password. For your protection, keep your password and user ID confidential.

If you need additional assistance, you can call the HSBC Benefits Center at 1-800-847-0615 and speak with a Benefits Center representative. Benefits Center representatives are available between 8:00 a.m. and 6:00 p.m. Central time, Monday through Friday.

Use the same password and user ID for both Your Benefits Resources and the Benefits Center.

You can also correspond with [HSBC Benefits Center](#) representatives through Your Benefits Resources. Simply click on the "Contact Us" link and e-mail your message to a Benefits Center representative. In most cases, you will receive a response in your Secure Mailbox on Your Benefits Resources by the next business day. A notice will be sent to your e-mail address on file when a response is delivered to your Secure Mailbox.

Much effort has been made to ensure that information delivered to you at the Web site is accurate. Nevertheless, the Web site is intended only as a convenience for plan participants and is not a substitute for the official plan document. If the Web site overstates or understates your plan benefit, your benefit will still be the amount properly calculated under the terms and provisions of the official plan document.

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<sup>2</sup> Your Benefits Resources is a trademark of Alight Solutions LLC.



## YOUR ELIGIBILITY TO PARTICIPATE

Note: No HSBC employees will become participants in the Legacy HBUS section of the plan after 2009. This section of the SPD describes the eligibility requirements of the plan's Legacy HBUS section in effect before December 31, 2009.

If you are hired or rehired by [HSBC](#) after December 31, 2009 (except in the case of employees who are involuntarily terminated and rehired within 12 months), you will not be eligible to participate in the [HBUS](#) formula of the plan after such hire or rehire regardless of whether you were previously employed by HSBC or by the sponsor of a pension plan that was merged into the plan. Instead, you will be eligible to participate in the [Cash Balance](#) formula (in 2011 and 2012) as described in the Cash Balance SPD.

If you were hired or rehired by HSBC before 2010, you are eligible to participate in the HBUS formula of the plan if you were:

- A participant in the HBUS Plan on December 31, 2004.
- Not a participant in the HBUS Plan on December 31, 2004 but had been an employee of [HSBC Bank](#) or an [Affiliate](#) of HSBC Bank at any time before January 1, 1997.

In general, you are eligible to participate in the HBUS Plan on the first January 1 or July 1 after you meet both of these conditions:

- You are age 21.
- You have earned one year of [Eligibility Service](#).

If you were hired before 1989, different rules applied, depending on when you first became eligible to participate in the HBUS Plan. If you were first eligible to participate before 1985, but had not become a participant by January 1, 1976, the age requirement above was age 25.

If you became an HSBC employee for the first time after 1996, you generally were not eligible to participate in the HBUS Plan and therefore are not eligible to participate in the HBUS formula of the plan. However, there are exceptions to this rule, including:

- A person hired by First Federal Savings and Loan Association of Rochester before January 1, 1997 who became an employee of HSBC Bank on March 1, 1997 as a result of the acquisition of First Federal by HSBC Bank became an HBUS Plan participant on March 1, 1997 or on the next January 1 or July 1 after he or she met the eligibility requirements.
- A person hired by Republic National Bank of New York who became an employee of an HSBC Bank as a result of the merger of Republic and HSBC Bank in 1999 and who was eligible to participate in the HBUS Plan on July 1, 2000 became an HBUS Plan participant on July 1, 2000 or on the next January 1 or July 1 after he or she met the eligibility requirements.

You were not eligible to participate in the HBUS Plan, and you are not eligible to participate in the HBUS formula of the plan if any of these apply:

- Your business unit has not adopted the plan.
- You are part of a collective bargaining unit but your collective bargaining agreement does not provide for participation in this plan.
- You are considered by your employer to be a leased or contract employee, an independent contractor, or employed by a temporary help firm, staffing firm, employee leasing firm, professional service organization or similar entity, regardless of whether your status is



reclassified or determined otherwise by a court, government agency, or other competent authority.

- You are regularly employed outside the U.S., are on temporary assignment in the U.S., were not participating in the plan immediately prior to the temporary assignment, and continue to accrue benefits under a non-US retirement plan during your temporary assignment in the U.S.
- You were a participant in the C M & M Group, Inc. Senior Management Income Security Plan before January 1, 1993.
- You were employed by [HSBC](#) outside the United States before 1997, were not covered by a defined benefit pension plan during that period of employment, and were employed by HSBC inside the United States for the first time on or after January 1, 2003.

Household International, Inc. and its subsidiaries (“Household”) became HSBC companies on March 28, 2003. Employees of Household who are eligible to participate in employee benefit pension plans originally sponsored by Household generally are not eligible to participate in the HBUS formula of the plan.

Generally, an employee of Household who was participating in the plan on March 28, 2003 continues to participate in the legacy Household formula of the plan or the Cash Balance formula of the plan, as applicable, and not in the HBUS formula of the plan, even though that individual was employed by HSBC at some point before 1997.

Similarly, an employee of HSBC who was participating in the HBUS Plan on March 28, 2003 continues to participate in the [HBUS](#) formula of the plan, and not in the legacy Household formula of the plan, even though that individual was employed by Household at some point before 2000.

An individual hired or rehired by HSBC after March 28, 2003, who was not employed on March 28, 2003 by either HSBC or Household, but who has prior service with HSBC making him or her eligible to participate in the HBUS formula of the plan and/or has prior service with Household making him or her eligible to participate in the legacy Household formula of the plan, will participate in either the HBUS formula or the Household formula (but not both) depending on whether the individual’s most recent prior service was with HSBC or Household. However, except in the case of employees who are involuntarily terminated and rehired within 12 months, individuals who are rehired by HSBC on or after January 1, 2010 will participate in the [Cash Balance](#) formula (in 2011 and 2012) after their rehire.

Employees who currently are participating under one formula of the plan (for example, the HBUS formula), but who previously participated in the plan under a different formula (for example, the legacy Household formula), will have their benefits determined under each formula separately. For example, if you were an employee of Household and terminated with an accrued benefit under the terms of the Household formula of the plan, then were subsequently hired by HSBC and covered under the HBUS plan, your benefit will be calculated as follows:

Legacy Household benefit based on service and pay under  
the legacy Household formula of the plan, based on  
your termination date from Household

**Plus**

A benefit under the plan based on service and pay since  
your hire date with HSBC, under the HBUS formula of the plan



## YOUR PLAN BENEFIT

The plan is a defined benefit plan with multiple benefit formulas. This SPD describes the [HBUS](#) formula which is a final average pay formula.

If you are an active participant in the plan in 2011 or 2012, you will have a [Cash Balance](#) formula benefit in addition to your HBUS formula benefit. Cash Balance formula benefits are not described in this SPD; they are described in the Cash Balance SPD which is a separate document.

The HBUS formula uses your years of [Benefit Service](#), [Final Average Compensation](#), and [Covered Compensation](#) to determine your benefit. These amounts are normally determined as of the last day on which you earn service as an [HSBC](#) employee (or December 31, 2010, if sooner). Special rules apply if you have two or more separate periods of employment taken into account in calculating your benefit. See [If You Are Reemployed by HSBC](#) beginning on page 30.

You are eligible for a plan benefit once you become [Vested](#) even though you terminate employment before retirement age. If you earn an [Hour of Service](#) after 2004, you become Vested once you have earned three years of [Vesting Service](#).

If you participated in the former Marine Midland Retirement Plan on September 3, 1985, you will receive a portion of your benefit from the [Equitable Annuity](#). See [Special Rules for Former Marine Midland Retirement Plan Participants](#) beginning on page 55.

If you participated in a defined benefit plan that was merged into the HBUS Plan, the calculation of your benefit and the manner of payment may be subject to special rules. See [Special Rules for Participants in Plans that Merged into the HBUS Plan](#) beginning on page 57.

## THE HBUS BENEFIT FORMULA

The formula used to determine your HBUS formula benefit depends on when you began participating in the HBUS Plan. If you began participating **after December 31, 1988**, your annual benefit is calculated under Part 1. If you began participating **before January 1, 1989**, your annual benefit is calculated under Part 2.

If your benefit is paid in the form of a [Life Annuity](#) beginning on your [Normal Retirement Date](#), the monthly payment will equal one-twelfth (1/12th) of the annual benefit calculated under Part 1 or Part 2, as applicable. If your benefit is paid in a different form, the benefit amount is adjusted so that it is the Actuarial Equivalent of your benefit paid in the form of a Life Annuity. See [How Benefits Are Paid](#) beginning on page 20.



## PART 1 – PARTICIPANT AFTER DECEMBER 31, 1988

Your “base” benefit is:

$$\begin{array}{r}
 1.55\% \\
 \times \\
 \text{Your } \underline{\text{Final Average Compensation}} \\
 \times \\
 \text{Your Years of } \underline{\text{Benefit Service}} \text{ (to a maximum of 30 years)}
 \end{array}$$

Your “excess” benefit is:

$$\begin{array}{r}
 0.40\% \\
 \times \\
 \text{Your Final Average Compensation above } \underline{\text{Covered Compensation}}^3 \\
 \times \\
 \text{Your Years of Benefit Service (to a maximum of 30 years)}
 \end{array}$$

Your Normal Retirement benefit is the sum of your base and excess benefit calculations.

## PART 2 – PARTICIPANT BEFORE JANUARY 1, 1989

Your benefit is based on the sum of your “new formula” benefit plus your “old formula” benefit.

Your “new formula” benefit is the same as Part 1 above except that the 30-year limit on Benefit Service taken into account under the “new formula” will be reduced by the amount of Benefit Service taken into account in the “old formula” benefit described below. For example, if you earned 10 years of Benefit Service before January 1, 1989, then no more than 20 years of Benefit Service will be taken into account in calculating your “new formula” benefit regardless of how long you work for [HSBC](#) after January 1, 1989.

Your “old formula” benefit is:

$$\begin{array}{r}
 2\% \\
 \times \\
 \text{Your Final Average Compensation as of 12/31/88} \\
 \times \\
 \text{Your Years of Benefit Service as of 12/31/88 (to a maximum of 30 years)} \\
 \text{minus} \\
 1.66\% \\
 \times \\
 \text{Your estimated } \underline{\text{Social Security Benefit}} \text{ as of 12/31/88}^4 \\
 \times \\
 \text{Your Years of Benefit Service as of 12/31/88 (to a maximum of 30 years)}
 \end{array}$$

Once your “old formula” benefit is determined in this manner, it is adjusted to reflect any increase in your Final Average Compensation between 12/31/1988 and your retirement date (or December 31, 2010 if sooner). The benefit determined above is multiplied times a fraction (not less than 1.0) equal to your Final Average Compensation at retirement (or December 31, 2010 if sooner) divided by your Final Average Compensation as of 12/31/88.

<sup>3</sup> Covered Compensation is determined as of the last day on which you earned service as an HSBC employee or December 31, 2010, if sooner.

<sup>4</sup> This amount will not be more than 50% of the amount calculated directly above.



## EXAMPLES

Here are sample calculations to show how the benefit formulas work.

### EXAMPLE 1

Assume:

- Normal retirement age in 2009;
- 30 years of [Benefit Service](#) (20 years from 1989 through 2009 and 10 years earned before 1989);
- [Final Average Compensation](#) at retirement of \$40,000;
- Final Average Compensation as of December 31, 1988 of \$23,000;
- Estimated [Social Security Benefit](#) as of December 31, 1988 of \$6,000;
- Estimated [Covered Compensation](#) in 2009 of \$59,268

#### PART 1 – SERVICE EARNED AFTER 1988

(1) 1.55% times \$40,000	\$ 620.00
(2) <b>times</b> 20 years of Benefit Service	x <u>20</u>
(3) <b>equals</b> Annual Normal Retirement benefit for service after 1988	\$12,400.00

#### PART 2 – SERVICE EARNED BEFORE 1989

(4) 2% times \$23,000	\$ 460.00
(5) <b>minus</b> 1.66% times \$6,000	- <u>99.60</u>
	\$ 360.40
(6) <b>times</b> 10 years of Benefit Service	x <u>10</u>
(7) <b>equals</b> benefit before adjustment for post-1988 Final Average Compensation	\$ 3,604.00
(8) <b>times</b> \$40,000 divided by \$23,000	x <u>1.73913</u>
(9) <b>equals</b> annual Normal Retirement benefit for service through 1988	\$ 6,267.82

In this example, your annual Normal Retirement benefit is **\$18,667.82** (line 3 **plus** line 9).

If you became a participant before January 1, 1991, your benefit will not be less than your benefit accrued as of December 31, 1990 under the formula for service before 1989 as described above except that, for this calculation, your Final Average Compensation and Social Security Benefit will be determined as of December 31, 1990 and line (5) cannot exceed 1/2 of line (4). (In the case of certain “highly compensated employees,” this protected accrued benefit is determined as of December 31, 1988 or December 31, 1989.)



**EXAMPLE 2**

Assume:

- Normal retirement age in 2009;
- 30 years of [Benefit Service](#) (20 years from 1989 through 2009 and 10 years earned before 1989);
- [Final Average Compensation](#) at retirement of \$75,000;
- Final Average Compensation as of December 31, 1988 of \$30,000;
- Estimated [Social Security Benefit](#) as of December 31, 1988 of \$7,000;
- Estimated [Covered Compensation](#) in 2009 of \$59,268

**PART 1 – SERVICE EARNED AFTER 1988**

(1) 1.55% times \$75,000	\$ 1,162.50
(2) <b>plus</b> 0.40% times \$15,732 (\$75,000 - \$59,268)	+ <u>62.93</u>
	\$ 1,225.43
(3) <b>times</b> 20 years of Benefit Service	x <u>20</u>
(4) <b>equals</b> Annual Normal Retirement benefit for service after 1988	\$ 24,508.60

**PART 2 – SERVICE EARNED BEFORE 1989**

(5) 2% times \$30,000	\$ 600.00
(6) <b>minus</b> 1.66% times \$7,000	- <u>116.20</u>
	\$ 483.80
(7) <b>times</b> 10 years of Benefit Service	x <u>10</u>
(8) <b>equals</b> benefit before adjustment for post-1988 Final Average Compensation	\$ 4,838.00
(9) <b>times</b> \$75,000 divided by \$30,000	x <u>2.5</u>
(10) <b>equals</b> annual Normal Retirement benefit for service through 1988	\$ 12,095.00

In this example, your annual Normal Retirement benefit is **\$36,603.60** (line 4 **plus** line 10).

**ALL HBUS BENEFITS FROZEN ON DECEMBER 31, 2010**

Your [HBUS](#) formula benefit will not take into account Compensation or Benefit Service earned after December 31, 2010. In addition, if you are eligible for a benefit based on service earned before 1989, that portion of your benefit will not be adjusted to reflect any increase in your Compensation after December 31, 2010. However, you can still earn [Early Retirement Service](#) after 2010 in order to become eligible for an early retirement benefit subsidy See the section of the SPD entitled [Participants Stop Earning HBUS Formula Benefits After 2010](#) which begins on page 2.

**PARTICIPANTS WITH INTERRUPTIONS IN EMPLOYMENT BEFORE 1976**

If you were employed before 1976 by a company that participated in the Marine Midland Retirement Plan or by a company that participated in another pension plan that was merged into the HBUS Plan, and you had an interruption of in employment before 1976 which resulted in the loss of benefits under the pension plan in which you were participating at the time, you may be eligible for an increase in your benefit under the HBUS Section of the plan because of an amendment of the





plan in 2010. In order to qualify for an increase in your benefit under the amendment, you must meet the following conditions: (1) you were employed before 1976 by a company that maintained the Marine Midland Retirement Plan or by a company that maintained another pension plan that was merged into the HBUS Plan, (2) you had an interruption of in employment before 1976 which resulted in the loss of benefits under the pension plan in which you were participating at the time (i.e., when you were reemployed, you were treated as a new employee with no prior service taken into account under the plan), (3) the period of your interruption in employment was shorter than the period of your employment before the interruption of employment, and (4) you returned to employment with the company that maintained the pension plan and earned a vested benefit under that plan.

If you think you may be eligible for an additional pension benefit under the amendment, you should contact the [Administrative Committee](#). The Committee will investigate your circumstances and determine whether you are, in fact, eligible for an additional pension benefit. (The Committee has attempted to identify and contact all participants eligible for this benefit increase.)

If your benefit under the HBUS Section of the plan is determined on the basis of 30 or more years of Benefit Service, you will not be eligible for an additional pension benefit regardless of whether you suffered a loss of benefits under a pension plan before 1976. That is because benefits under the HBUS Section of the plan are limited to a benefit determined on the basis of not more than 30 years of Benefit Service.

## NORMAL RETIREMENT

If you leave [HSBC](#) after you reach age 65, you will be eligible for a normal retirement benefit. The benefit is paid beginning on your [Normal Retirement Date](#) which is the first day of the month on or after your 65th birthday in most cases. If you became a plan participant after your 60th birthday, your Normal Retirement Date will be the first day of the month on or after the fourth anniversary of your participation in the plan.

When your [HBUS](#) formula benefit is paid as a normal retirement benefit, it is calculated as described in the section above, entitled [The Benefit Formula](#), taking into account your [Benefit Service](#), [Final Average Compensation](#) and [Covered Compensation](#) determined as of the date your employment ends (or December 31, 2010, if sooner). If the benefit is paid in a form other than a Life Annuity, the benefit will be adjusted. See [How Benefits Are Paid](#) beginning on page 26.

## SPECIAL EARLY RETIREMENT

If you leave HSBC after you reach age 60, and after you have earned 30 years of [Early Retirement Service](#), you will be eligible to have your HBUS formula benefit paid as a special early retirement benefit. The benefit is paid beginning on your special early retirement date which is the first day of any month on or after the date on which you have become eligible for a special early retirement benefit and before your Normal Retirement Date.

Your special early retirement benefit is calculated as described in the section above, entitled [The Benefit Formula](#), taking into account your Benefit Service, Final Average Compensation and Covered Compensation determined as of the date your employment ends (or December 31, 2010, if sooner). The benefit amount is not reduced even though benefit payment begins before your Normal Retirement Date. If the benefit is paid in a form other than a [Life Annuity](#), the benefit will be adjusted. See [How Benefits Are Paid](#) beginning on page 26.



## EARLY RETIREMENT

If you leave HSBC after you reach age 55, and after you have earned 10 years of [Early Retirement Service](#), you will be eligible to have your HBUS formula benefit paid as an early retirement benefit. The benefit is paid beginning on your early retirement date which is the first day of any month elected by you and beginning on or after the date you become eligible for an early retirement benefit and before your Normal Retirement Date.

Your early retirement benefit is calculated as described in the section above, entitled [The HBUS Benefit Formula](#), taking into account your [Benefit Service](#), [Final Average Compensation](#) and [Covered Compensation](#) determined as of the date your employment ends (or December 31, 2010, if sooner). If payment of your early retirement benefit begins before your Normal Retirement Date (or the date you would have been eligible for special early retirement, if sooner), the benefit amount will be reduced for each month that payments begin before your [Normal Retirement Date](#) (or the date you would have been eligible for special early retirement, if sooner):

- 5/12% for each month between ages 55 and 60; and
- 3/12% for each month between ages 60 and 65.

For example, if you retire at age 55, your deferred early retirement benefit will begin at age 65. However, if you elect to receive your benefit at age 55, your benefit will be reduced by 40% (25% for the 60 months between ages 55-60 and 15% for 60 months between ages 60-65).

If you would have a special early retirement date (if you continued working), the reduction will be made at the same rates only beginning at your special early retirement date rather than age 65. For example, suppose you retire at age 55 with 25 years of Early Retirement Service. In this case you would have a special early retirement date at age 60 if you continued working. Therefore, the plan will reduce your benefit by only 25% (25% for 60 months between ages 55-60). These reductions reflect the spreading of your benefit payments over a longer period of time. If the benefit is paid in a form other than a [Life Annuity](#), the benefit will be adjusted. See [How Benefits Are Paid](#) beginning on page 20.

## IF YOU LEAVE HSBC BEFORE RETIREMENT AGE

If you leave [HSBC](#) after you are [Vested](#) but before you are eligible for an early retirement benefit or a normal retirement benefit, you will be eligible to have your [HBUS](#) formula benefit paid as a deferred vested retirement benefit. The benefit is paid beginning on your [Normal Retirement Date](#) which is normally the first day of the month on or after your 65th birthday.

Your deferred vested retirement benefit is calculated as described in the section above, entitled [The HBUS Benefit Formula](#), taking into account your [Benefit Service](#), [Final Average Compensation](#) and [Covered Compensation](#) determined as of the date your employment ends (or December 31, 2010, if sooner). If the benefit is paid in a form other than a Life Annuity, the benefit will be adjusted. See [How Benefits Are Paid](#) beginning on page 20.

If you leave HSBC after you have earned at least 10 years of [Early Retirement Service](#), you can begin receiving your deferred vested retirement benefit after your 55th birthday. If payment of your deferred vested retirement benefit begins before your Normal Retirement Date, the benefit amount will be reduced so that it is the [Actuarial Equivalent](#) of the same benefit beginning on your Normal Retirement Date.

If you leave HSBC before retirement, you must notify the [HSBC Benefits Center](#) of any address change.



If the present value of your deferred vested retirement benefit is more than \$5,000, benefit payments cannot begin until at least 30 days after you have received certain explanations and disclosures included in your [Retirement package](#) unless you waive this 30-day requirement. (Of course, you will not begin to receive benefits until the Plan Administrator has processed your request, which may be some days after you have returned the election form included in your Retirement package.)

If the present value of your deferred vested benefit is \$5,000 or less, including any benefit you have under the Cash Balance section of the plan, your benefit will be paid in a lump sum, either to you or to another employer plan or an IRA as a direct rollover, as soon as administratively reasonable after you leave HSBC.

## IF YOU WORK PAST NORMAL RETIREMENT AGE

If you leave HSBC after your [Normal Retirement Date](#), you will be eligible to have your HBUS formula benefit paid as a postponed retirement benefit. The benefit is paid beginning on your postponed retirement date which is the first day of the month on or after the date you leave HSBC or, if earlier, April 1st of the calendar year following the calendar year in which you attain age 70-1/2.

Your legacy HBUS formula benefit is calculated as described in the section above, entitled [The HBUS Benefit Formula](#), taking into account your [Benefit Service](#), [Final Average Compensation](#) and [Covered Compensation](#) determined as of the earliest of the date your employment ends, the date benefit payments begin, or December 31, 2010. In the alternative, the plan calculates your benefit as of your Normal Retirement Date then applies an actuarial increase for the period beginning on your Normal Retirement Date through your postponed retirement date. You receive the larger benefit amount.

If the benefit is paid in a form other than a Life Annuity, the benefit will be adjusted. See [How Benefits Are Paid](#) beginning on page 20.



## IF YOU BECOME DISABLED

If you are working for a [Participating Employer](#) and you become eligible for long-term disability (LTD) benefits, or you are determined by the Committee to suffer a permanent disability, you can receive a disability retirement benefit if all of the following apply:

- You are eligible to participate in the plan when the disability begins;
- You are at least age 50 and have completed 10 years of [Early Retirement Service](#) when your employment ends due to the disability;
- At least six months have passed since your disability began;
- You apply for Social Security disability benefits; and
- You initiate a request for a disability retirement benefit and the [Administrative Committee](#) agrees that you have suffered a Long-Term Disability (you are receiving benefits under a long-term disability plan maintained by a Participating Employer) or a Permanent Disability (you have a presumably permanent physical or mental condition which renders you unable to perform satisfactorily the duties of your regular position, or the duties of any other position which is open with any Employer in the same geographic area and which is reasonably comparable to your regular position with regard to the type of services required).

Your disability retirement benefit is calculated as provided in the section above, entitled [The HBUS Benefit Formula](#), taking into account your [Benefit Service](#), [Final Average Compensation](#) and [Covered Compensation](#) determined as of the date your benefit payments begin (or December 31, 2010, if sooner). The benefit amount is not reduced even though payment begins before your [Normal Retirement Date](#).

If you do not qualify for Social Security disability benefits, you will receive an additional amount as a Social Security supplement until you qualify for Social Security disability benefits or until you reach your Social Security retirement age, whichever is first.

Your Social Security supplement amount is:

$$\begin{aligned}
 &1.95\% \\
 &\quad \times \\
 &\quad \text{Your Final Average Compensation} \\
 &\quad \times \\
 &\quad \text{Your Years of Benefit Service (to a maximum of 30 years)} \\
 &\quad \text{minus} \\
 &\quad \text{Your regular Disability Retirement benefit}
 \end{aligned}$$

Your Social Security supplement stops when you qualify for Social Security disability benefits or reach your Social Security retirement age, whichever is earlier. You then continue to receive your regular Disability Retirement benefit in addition to your Social Security benefits.

If your disability retirement benefit is paid in a form other than a Life Annuity, the benefit will be adjusted. See [How Benefits Are Paid](#) beginning on page 20.



## IRS LIMITATIONS ON BENEFIT ACCRUALS AND PAYMENTS

Internal Revenue Service (IRS) regulations limit the amount of benefits that can be paid by retirement plans. These limits are determined by the IRS and are indexed for cost-of-living increases, meaning they are subject to change in future years.

IRS-imposed limits may reduce the benefits otherwise paid to you from the plan. These limits include:

- [Compensation](#) used to calculate your [Final Average Compensation](#) cannot exceed \$245,000 (the limit in effect in 2010).
- Annual benefit payable as a Life Annuity at your [Normal Retirement Date](#) cannot exceed \$210,000 (the limit in effect in 2016). This limit may be increased due to cost of living increases in years after 2016. This limit must be adjusted if your benefit is paid beginning before or after your Normal Retirement Date or in a form other than a Life Annuity or Qualified Joint and Survivor Annuity (with your spouse as the survivor beneficiary). Also, this limit must take into account any benefit accrued by you under the Cash Balance section of the plan.



## IF YOU DIE BEFORE BENEFITS ARE PAID

If you die while an active employee or after you leave [HSBC](#) but before your [Annuity Starting Date](#) and you are married, your surviving spouse may be entitled to a Preretirement Survivor Benefit as described below.

If you die on or after your Annuity Starting Date, the HBUS formula benefit payable to your surviving spouse or other [beneficiary](#) will depend on the form in which your benefit is payable. If you elected a [Life Annuity](#), no benefit will be paid after your death. If you elected a form of annuity that included a survivor benefit, the survivor benefit will be paid to your spouse or beneficiary.

## PRERETIREMENT SURVIVING SPOUSE'S BENEFIT

If you die before your Annuity Starting Date but after you have become [Vested](#) in your plan benefit, your spouse may be entitled to the Regular Spouse's Benefit described below.

If you die while you are an active employee and after you have earned at least 10 years of [Early Retirement Service](#), your spouse may be entitled to the [Special Spouse's Benefit](#) in lieu of a Regular Spouse's Benefit. The Special Spouse's Benefit may be greater than the Regular Spouse's Benefit. It will never be less than the [Actuarial Equivalent](#) of the Regular Spouse's Benefit.

## REGULAR SPOUSE'S BENEFIT

Your spouse can receive a Regular Spouse's Benefit under the plan if:

- You die before your Annuity Starting Date;
- You are Vested in your plan benefit (or you were a participant in the former Marine Midland Retirement Plan on September 3, 1985 and have a vested benefit under that plan);
- Your spouse is living on the date the spouse's benefit begins; and
- Your spouse is not entitled to a Special Spouse's Benefit.

The Regular Spouse's Benefit is an annual benefit in an amount equal to the survivor benefit that your spouse would receive as your beneficiary under a [50% Joint and Survivor Annuity](#) if you had terminated employment on the date of your death (or your actual date of termination, if earlier), survived to the earliest date when you could begin receiving your benefit, begun receiving your HBUS formula benefit in the form of 50% Joint and Survivor Annuity, and died on the next day.

The Regular Spouse's Benefit begins on the applicable date described below:

- **If You Die After Age 65:** The benefit will begin on the first day of the month following your death.
- **If You Die After Earning 10 Years of [Early Retirement Service](#) and Before Age 65:** The benefit will begin on the first day of the month after the date of your death or the date on which you would have reached age 55, whichever is later. However, if the benefit begins before your [Normal Retirement Date](#), it may be reduced because of early payment. In that case, your spouse can elect to delay the commencement of payments until the benefit is no longer reduced. Benefit payment must begin no later than the date that would have been your Normal Retirement Date.
- **If You Die Before Earning 10 Years of Early Retirement Service and Before Age 65:** The benefit will begin on the date that would have been your Normal Retirement Date.



## SPECIAL SPOUSE'S BENEFIT

Your spouse can receive a Special Spouse's Benefit if:

- You die while you are an employee (or while performing qualified military service);
- You have at least 10 years of [Early Retirement Service](#) or you die in or after the month preceding your [Normal Retirement Date](#);
- Your spouse has been married to you for at least one year; and
- Your spouse is living on the date benefits begin.

Here's how the Special Spouse's Benefit is calculated:

- Multiply your [Final Average Compensation](#) as of the earlier of date of death or December 31, 2010 by 0.8% (0.008);
- Multiply the result of the above by your years of [Benefit Service](#) as of the earlier of date of death or December 31, 2010 (not exceeding 30 years);
- Reduce the result of the above by the applicable percentages for each month by which the date of your death precedes your Normal Retirement Date:
  - (1) For each month between ages 55 and 65 - 5/12 of 1%
  - (2) For each month between ages 45 and 55 - 5/24 of 1%
  - (3) For each additional month before age 45 - 1/12 of 1%

For example, assume you die when you are age 50, you have 30 years of Benefit Service, and your Final Average Compensation is \$40,000. Also assume your spouse is age 48 at that time. The Special Spouse's Benefit would be payable immediately following your death. The amount of the benefit would be 0.8% multiplied by \$40,000 multiplied by 30 years of service, or \$9,600 per year. However, this amount is reduced by 67.6%, to \$3,110.40, because the benefit payments are beginning 17 years before your Normal Retirement Date.

The plan reduces the benefit by an additional actuarial adjustment if your spouse is more than five years younger than you, to take into account the fact that payments are expected to be made over a longer period of time.

Your spouse can elect to delay receiving a Special Spouse's Benefit until a date that is no later than your Normal Retirement Date. In that case, the amount of the benefit will be increased so that it is the [Actuarial Equivalent](#) of the benefit calculated as of the first day of the month on or after the date of your death.

## AUTOMATIC LUMP SUM PAYMENT OF SPOUSE'S BENEFIT

If the present value of the total plan benefit payable to your spouse (including your [Cash Balance](#) formula benefit, if any) is \$5,000 or less, and you are not covered by the [Equitable Annuity](#), your spouse will be paid that value in one lump sum as soon as administratively reasonable after your death.

## SPOUSE'S ELECTION TO DELAY PAYMENTS

If payment of your surviving spouse's benefit would begin before the date you would have reached your [Normal Retirement Date](#), your surviving spouse can elect to defer payment and receive an increased benefit beginning as late as the date you would have reached your Normal Retirement Date.



## PARTICIPANTS IN THE FORMER MARINE MIDLAND RETIREMENT PLAN

If you were an active participant in the former Marine Midland Retirement Plan on September 3, 1985, the plan pays a surviving spouse's benefit based on your special vested benefit, even if you do not complete enough years of eligibility service to become vested under the regular rules. See [Special Rules for Former Marine Midland Retirement Plan Participants](#) beginning on page 55.

## CIVIL UNIONS AND DOMESTIC PARTNERS

If you die before your [Annuity Starting Date](#) but are survived by a civil union partner or a domestic partner, your civil union partner or domestic partner will be eligible for a spouse's pre-retirement survivor benefit described above in this SPD but only if you have earned at least one [Hour of Service](#) on or after January 1, 2009 and submitted a certification that you and your partner are civil union partners or domestic partners, as applicable, to the [Administrative Committee](#) on a form prescribed by the Committee.

You and your partner are "civil union partners" if you and your partner have entered into a civil union under the law of a State, the District of Columbia or another country and that civil union has not been dissolved or converted into a marriage.

You and your partner are "domestic partners" if you and your partner have been living together in a committed relationship that satisfies the criteria set forth in the Domestic Partner Affidavit available from the [HSBC Benefits Center](#). To designate a domestic partner, or to revoke an existing domestic partner designation, please call the HSBC Benefits Center. The Benefits Center representatives can provide you with information on the steps you need to follow.

For the purpose of determining your partner's eligibility for the Special Spouse's Benefit described above, you and your partner will be deemed to have been married on the actual date of your civil union in the case of a civil union partner, or six months prior to your submission of a Domestic Partner Affidavit to the Administrative Committee in the case of a domestic partner.

This section of the SPD applies to both same sex and opposite sex civil union and domestic partners. It does not apply to same sex spouses because same sex spouses are deemed "spouses" for all purposes of the plan.

Note that although civil union partners and domestic partners will be treated as "spouses" for purposes of the spouse's pre-retirement survivor benefit described above in this SPD, a civil union partner or a domestic partner will not be automatically eligible for a joint and survivor annuity, and will not be eligible for the portion of any pre-retirement spouse's benefit that is payable under the [Equitable Annuity](#) with respect to service completed before September 3, 1985.





## WHEN BENEFITS ARE PAID

Plan benefits will be paid beginning on your [Annuity Starting Date](#), regardless of the form of payment. Your Annuity Starting Date is normally the first day of a month determined by agreement between you and the plan, which occurs after you have left [HSBC](#), after you have become eligible to begin receiving benefits, and after you have initiated a request for benefits.

You may have different Annuity Starting Dates for your [HBUS](#) formula benefit and any [Cash Balance](#) formula benefit that you earn with respect to service in 2011 and 2012. See the Cash Balance SPD to determine when your Cash Balance formula benefit will be paid.

See [Normal Retirement](#) beginning on page 16 and the sections following that section to determine when you become eligible to begin receiving your HBUS formula benefit.

If you participated in a defined benefit plan that was merged into the HBUS Plan, you may be eligible to receive some or all of your benefit at a time that is different from the time normally provided under the plan. See [Special Rules for Participants in Plans that Merged into the HBUS Plan](#) beginning on page 57.

If you leave HSBC on or after your [Normal Retirement Date](#), your Annuity Starting Date generally will be the first day of the month beginning after you leave HSBC or, if earlier,

April 1 of the calendar year following the calendar year in which you reach age 70-1/2. You

are not permitted to defer payment after you have left HSBC and have attained your Normal Retirement Date.

See [Applying for Benefits](#) beginning on page 23 for information concerning how to initiate a request for payment of benefits.



## HOW BENEFITS ARE PAID

Your [HBUS](#) formula benefit will be paid in the normal payment method described below or you may elect one of the optional payment methods described below.

If you are eligible for a [Cash Balance](#) formula benefit with respect to service in 2011 and 2012, it may be paid in a form different from your HBUS formula benefit. See the Cash Balance SPD for a description of the normal and optional forms in which a Cash Balance formula benefit can be paid.

If you are married, your spouse must consent if you choose to receive your benefit under an optional payment method other than the 50%, 75% or 100% Joint and Survivor Annuity, with your spouse as [beneficiary](#). Your spouse's consent is indicated by your spouse signing a Pension Election Authorization Form before a notary public. See [Applying for Benefits](#) beginning on page 23.

Unless the present value of your plan benefit is \$5,000 or less when you leave [HSBC](#), you must apply to receive your plan benefit. See [Applying for Benefits](#).

If the present value of your entire plan benefit (including any Cash Value formula benefit) is \$1,000 or less when you leave HSBC, the full amount will be paid to you as a lump sum unless you elect to have some or all of the amount paid as a direct rollover to an eligible employer plan or IRA.

If the present value of your entire plan benefit (including any Cash Value formula benefit) is \$5,000 or less when you leave HSBC, but more than \$1,000, the full amount will be rolled over into an IRA established on your behalf by the Administrative Committee unless you elect to have your benefit paid to you as a lump sum or paid as a direct rollover to an eligible employer plan or IRA.

If you participated in a defined benefit plan that was merged into the HBUS Plan, you may be eligible to have some or all of your benefit paid in a form provided in the Merged Plan. See [Special Rules for Participants in Plans that Merged into the HBUS Plan](#) beginning on page 57.

## NORMAL PAYMENT METHODS

Your HBUS formula benefit will be paid in one of the following normal payment methods unless you elect an [optional payment method](#):

- If you are not married, your normal payment method is a **Life Annuity**. You receive a monthly benefit for the remainder of your life, with no benefits paid after your death.
- If you are married, your normal payment method is a **50% Joint and Survivor Annuity**. You receive a monthly benefit for the rest of your life. After your death, your surviving spouse receives a monthly benefit for the rest of his or her life. Your spouse's benefit amount is equal to 50% of the monthly amount you received. If your spouse dies before you do, no benefits are paid after your death.

Your monthly payment under the Life Annuity is one-twelfth (1/12th) of the annual benefit calculated under the HBUS benefit formula. See [The HBUS Benefit Formula](#) beginning on page 7 for a description of the benefit formula and [Examples](#) beginning on page 9 for illustrations of a benefit calculation.

Your monthly payment under the 50% Joint and Survivor Annuity is calculated in a manner similar to your payment under a Life Annuity except that the monthly amount is smaller than under a Life Annuity because payments are expected to be made over two lifetimes (yours and your surviving spouse's). The amount of reduction is determined based on your age at the time payments begin and the difference in age between you and your spouse.



## OPTIONAL PAYMENT METHODS

You can choose to receive your [HBUS](#) formula benefit under any of the following optional payment methods by logging on to [Your Benefits Resources](#) Web site or calling the [HSBC Benefits Center](#). You will receive a confirmation form in the mail after you make your election.

The amount of any optional form of benefit you elect will be the [Actuarial Equivalent](#) of the benefit payable under a [Life Annuity](#). For this purpose, actuarial equivalence is determined using the [Applicable Interest Rate](#) and [Applicable Mortality Table](#). However, the actuarially equivalent benefit cannot be smaller than the same optional form of benefit determined as of January 31, 2006 using the actuarial assumptions then incorporated into the plan.

### LIFE ANNUITY

As described above, monthly payments are made for your lifetime only.

### LIFE ANNUITY WITH 120 MONTHS CERTAIN

You receive a reduced monthly benefit for your lifetime, guaranteed for at least 120 months (10 years). If you die before receiving the guaranteed 120 monthly payments, your [beneficiary](#) receives the balance of the monthly payments. If you are not survived by a beneficiary, the remaining payments will be made to your estate. If you are survived by a beneficiary but the beneficiary dies before receiving all guaranteed payments, the remaining payments will be made to your beneficiary's estate.

Your monthly payment amount under a Life Annuity with 120 Months Certain is smaller than the monthly payment under a Life Annuity because it is certain that payments will be made for at least 10 years while under a Life Annuity it is not certain that any payments will be made after the first monthly payment.

### 50%, 75%, OR 100% JOINT AND SURVIVOR ANNUITY

You receive a monthly benefit for the rest of your life. After your death, your beneficiary receives a monthly benefit for his or her lifetime. The benefit amount is equal to 50%, 75%, or 100% (your choice) of the monthly amount you received. If your beneficiary dies before you die, no benefits are paid after your death. You can name anyone as your beneficiary. However, if you are married when payments begin and want to name someone other than your spouse as beneficiary, your spouse must consent to your election in writing, in the presence of a notary public.

### SPECIAL RULE FOR YOUNGER, NON-SPOUSE BENEFICIARY

If you select the 75% or 100% Joint and Survivor Annuity optional form of benefit and your beneficiary is not your spouse and your beneficiary is more than 10 years younger than you, IRS rules require that the survivor benefit be less than 75% or 100% of the monthly amount paid to you. For example, if your beneficiary is 15 years younger than you, the survivor annuity cannot exceed 84% of the amount paid to you. If your beneficiary is 44 years younger than you, the survivor annuity cannot exceed 52% of the amount paid to you. If this rule applies to your beneficiary, then your benefit will be adjusted so that the amount payable to you is more and the amount payable to your beneficiary is 50%.



### DEATH OF BENEFICIARY BEFORE ANNUITY STARTING DATE

If you select the 50%, 75% or 100% Joint and Survivor Annuity optional form of benefit and your beneficiary dies before your [Annuity Starting Date](#), the election will be void and your benefit will be paid in the normal method unless you make a new election on or before your Annuity Starting Date.

### DEATH OF BENEFICIARY WITHIN 60 DAYS AFTER EARLY PAYMENT DATE

If you select the 50%, 75% or 100% Joint and Survivor Annuity optional form of benefit, you elect to have benefit payments begin more than 60 days before your [Normal Retirement Date](#), and your beneficiary dies on or before the 60th day after your Annuity Starting Date, your election will be void and your benefit will be paid in the form of a Life Annuity.

## NAMING A BENEFICIARY

When you commence your [HBUS](#) formula benefit and choose a form of payment that includes a survivor annuity feature, you can name anyone as your beneficiary. However, if you are married, including if you are legally separated, and want to name someone other than your spouse as beneficiary, your spouse must consent to your election.

Please go to the Your Benefits Resources Web site or call the [HSBC Benefits Center](#) to designate a beneficiary. You cannot change your beneficiary designation after payments begin.

If you elect a [Life Annuity with 120 Months Certain](#) and fail to designate a beneficiary, any guaranteed payments made after your death will be made to your estate.

You will not be permitted to elect a [Joint and Survivor Annuity](#) unless you designate a beneficiary except that, if you are married, your spouse will be your automatic beneficiary unless you designate a different beneficiary with your spouse's consent.

If you have no spouse, and no civil union partner or domestic partner, no HBUS formula benefit will be paid upon your death prior to your Annuity Starting Date.



## APPLYING FOR BENEFITS

Generally, you must apply for your plan benefits in order to receive them. You can apply by logging on to Your Benefits Resources Web site at [www.yourbenefitsresources.com/hsbc](http://www.yourbenefitsresources.com/hsbc) or by contacting the [HSBC Benefits Center](#) at 1-800-847-0615 between 8:00 a.m. and 6:00 p.m. Central Time, Monday through Friday. You should apply as soon as possible after you make the decision to begin receiving benefit payments because it may take several weeks after you initiate a request for benefits before payments begin.

The HSBC Benefits Center will send you a Retirement package with information on your benefits and the payment methods available to you. Because of legal requirements, you will not receive the Retirement package more than 180 days before the date on which you want payments to begin (your [Annuity Starting Date](#)). Information in your Retirement package will instruct you to call the HSBC Benefits Center to make your benefit elections, or to make your benefit elections online via Your Benefits Resources Web site. Once your elections have been submitted, you will receive a Pension Election Confirmation Statement and a Pension Election Authorization Form which will confirm the elections you made. You must complete and return the Pension Election Authorization Form, which will include a spouse's consent form that your spouse must sign before a notary public if you are married and elect to receive your benefit in any form other than a Joint and Survivor Annuity with your spouse as the beneficiary.

You can revoke your benefit elections any time on or before your Annuity Starting Date. After your Annuity Starting Date, your benefit elections are irrevocable. If you revoke your election as to the form of benefit payment, the default provisions of the plan will apply; that is, you will receive your benefit in the normal payment method, unless you submit a properly completed new election (with spousal consent if required) on or before your Annuity Starting Date.

Once you have initiated a request for benefits, it has been documented, and you (and your spouse if necessary) have completed and returned the necessary forms, the HSBC Benefits Center will process your request.

**It is your responsibility to determine that the HSBC Benefits Center has properly calculated your benefit. If you do not understand how your benefit was calculated or what Benefit Service, Compensation, and other factors were taken into account in calculating your benefit, you should ask the HSBC Benefits Center for an explanation.**



## IF YOUR REQUEST FOR A BENEFIT IS DENIED

Note that the following sections of this SPD will be applied separately to your HBUS formula benefit and your Cash Balance formula benefit (if you are an active plan participant in 2011 or 2012) as if those two benefits were payable to you under separate plans. For example, a failure to exhaust administrative remedies with respect to your Cash Balance formula benefit will not be treated as a failure to exhaust administrative remedies with respect to your HBUS formula benefit.

### BENEFIT CLAIM PROCEDURE

If you are dissatisfied with the response of the [HSBC Benefits Center](#) to your request for benefits, for example, if you believe that you are not receiving the entire benefit to which you are entitled, you must file a benefit claim with the [Administrative Committee](#).

**You must file your benefit claim within one hundred and eighty (180) days after benefit payments begin if you have begun to receive any benefit under the plan, or within one hundred and eighty (180) days after the denial of your benefit request (see [Applying for Benefits](#)) if the HSBC Benefits Center determines that you are not entitled to any benefit under the plan.**

If you do not file a benefit claim within the time required, you will lose the right to file a benefit claim in the future and you will have failed to exhaust your administrative remedies under the plan. Therefore, you will not be entitled to have a court review the HSBC Benefits Center's response to your request.

- Your benefit claim must be filed in writing. Telephone inquiries will not be considered a benefit claim.
- Your claim may be in the form of a letter or memorandum addressed to the Administrative Committee. You may file your claim by mailing it or hand delivering it to the following address:

Employee Benefit Plan Administrative Committee  
HSBC – North America  
c/o Employee Law – Benefits  
1421 W. Shure Drive, Suite 100  
Arlington Heights, 60004

- Your claim should identify the plan and the benefit you believe you are entitled to receive.
- You should explain why you believe the response to your request was in error, and you should include copies of any documents you believe should be considered in deciding your claim.

Your benefit claim will be decided by a subcommittee of the Administrative Committee (the "Subcommittee"). The Subcommittee generally has 90 days to make a decision after it receives your claim. The 90-day period may be extended for another 90-day period if it is found that special circumstances require an extension of time. In that case, prior to the expiration of the first 90-day period, you will be informed in writing of the reason for the extension, and the date on which a decision is expected.

The decision of the Subcommittee will be provided to you in writing. If the Subcommittee denies your claim in whole or in part, its written decision will contain:



- The specific reason for the denial;
- References to the plan provisions on which the denial is based;
- A description of any additional material or information necessary to perfect your claim and an explanation of why the information is necessary; and
- A description of the plan's appeal procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under Section 502(a) of ERISA if the denial of your claim is affirmed following an appeal of your denied claim.

If you do not receive notice of acceptance or denial of your claim (or notice of extension of time within which the Subcommittee will make its decision) within the time limits described above, you may commence a lawsuit under ERISA to pursue your benefit claim. If you do receive a timely notice of denial of your benefit claim, you must appeal the denial of your benefit claim, as described below, before you can commence a lawsuit under ERISA.

The Subcommittee will decide your appeal as well as your initial claim. However, you can use your appeal as an opportunity to respond to issues raised by the Subcommittee's in its written decision on your initial claim and/or to provide additional information or raise additional issues not contained in your claim.

## APPEAL PROCEDURE

You must file an appeal if your claim is denied in whole or in part and you wish to challenge that denial. You must file the appeal within 60 days of your receipt of the notice denying your claim.

- To file an appeal, you must submit the appeal in writing to the Administrative Committee in the same manner as you submit an initial claim. Telephone inquiries will not be considered an appeal.
- Your appeal should be in the form of a letter, statement or memorandum. Your appeal should explain why you disagree with the Subcommittee's decision to deny your claim. For example, if you believe that the Subcommittee based its decision on incorrect facts, you should describe what you believe are the correct facts. Similarly, if you believe that the Subcommittee based its decision on an incorrect interpretation of the plan or the applicable law, you should describe what you believe is the correct interpretation.
- You may submit written comments, documents, records, and other information relating to your claim.
- You will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits. You may obtain these materials by contacting the Administrative Committee.

If you fail to submit an appeal within 60 days after receiving notice that your benefit claim has been denied in whole or in part, as described above, you will lose the opportunity to submit an appeal. You will also lose the opportunity to have the denial of your benefit claim reviewed by a court.

If you submit an appeal within 60 days after receiving notice that your benefit claim has been denied, the Subcommittee will review its denial of your claim and consider any issues raised in your appeal. The Subcommittee will provide you with its decision within 60 days after it receives your appeal. The 60-day period may be extended for another 60-day period if it is found that special circumstances require an extension of time. In that case, prior to the expiration of the first 60-day period, you will be informed in writing of the reason for the extension, and the date on which a decision is expected.



The Subcommittee's decision will be given to you in writing. If the Subcommittee's decision affirms the denial of your claim in whole or in part, its written decision will contain:

- The specific reason or reasons for the adverse determination;
- References to the specific plan provisions on which the benefit determination is based;
- A statement that you will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits. You may obtain these materials by contacting the Administrative Committee; and
- A statement of your right to bring a lawsuit under Section 502(a) of ERISA in order to obtain a judicial review of the Committee's decision.

## JUDICIAL REVIEW OF COMMITTEE'S DECISION

If you do not receive the Subcommittee's decision within the time limits described above, after you have filed a claim or an appeal of a denied claim, you may file a lawsuit under ERISA to pursue your benefit claim.

If you receive the Subcommittee's decision within the time limits described above, but the decision affirms the denial of your claim in whole or in part, you may bring a lawsuit under Section 502(a) of ERISA in order to obtain a judicial review of the decision.

No lawsuit may be brought to recover benefits under the plan unless you have exercised the benefit claim and appeal rights described above within the specified time frames and the plan benefits claimed in such claim and appeal have been denied in whole or in part.

**After exhaustion of the claim and appeal procedures, any further legal action taken by you or your legal representative against the plan or its fiduciaries for benefits must be filed in an appropriate court of law no later than 180 days after the Subcommittee's final decision regarding your appeal of your denied claim. Otherwise, you will lose your right to bring a lawsuit under Section 502(a) of ERISA, regardless of whether all comments, documents, records, or other information relating to your claim were submitted or considered when the initial claim or appeal of denied claim was decided. Failure to comply with the 180-day time frame will result in a loss of any entitlement to benefits under this plan with respect to the denied claim and appeal.**

## CLAIM FOR DISABILITY RETIREMENT BENEFITS

If you are applying for a disability retirement benefit, you must complete a form called "Claim for Disability Retirement Benefits" and file it together with proof of your disability and proof that you have applied for Social Security Disability Benefits. A request for disability retirement benefits is treated as a "claim" which is immediately reviewed by a representative of the [Administrative Committee](#) (rather than the [HSBC Benefits Center](#)) under rules described in this section.

If you do not file a "Claim for Disability Retirement Benefit," you will have failed to exhaust your administrative remedies under the plan and you will not be entitled to have a court review your disability benefit claim.





Your claim for a disability retirement benefit will be decided by a subcommittee of the Administrative Committee (the "Subcommittee"). The Subcommittee generally has 45 days to make a decision after it receives your claim. The 45-day period may be extended for an additional 30-day period if the Subcommittee determines both that the extension is necessary due to matters beyond the control of the plan and notifies you, prior to the expiration of the initial 45-day period, of the circumstances requiring the extension of time and the date by which the plan expects to render its decision. The first 30-day extension period may be extended for a second 30-day period if the Subcommittee determines both that the extension is necessary due to matters beyond the control of the Administrative Committee and notifies you, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension of time and the date by which the Subcommittee expects to render its decision.

The decision of the Subcommittee will be provided to you in writing. If the Subcommittee denies your claim in whole or in part, its written decision will contain:

- The specific reason for the denial;
- References to the plan provisions on which the denial is based;
- A description of any additional material or information necessary to perfect your claim and an explanation why the information is necessary;
- The identity(ies) of any medical or vocational expert(s) whose advice was obtained on behalf of the Subcommittee in connection with the its determination of your claim, without regard to whether the advice was relied upon in denying your claim; and
- A description of the plan's appeal procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under Section 502(a) of ERISA if the denial of your claim is affirmed following an appeal of your denied claim.

If you do not receive notice of acceptance or denial of your claim (or notice of extension of time within which the Subcommittee will make its decision) within the time limits described above, you may commence a lawsuit under ERISA to pursue your benefit claim. If you do receive a timely notice of denial of your benefit claim, you must appeal the denial of your benefit claim, as described below, before you can commence a lawsuit under ERISA.

The Subcommittee will decide your appeal as well as your initial claim. However, you can use your appeal as an opportunity to respond to issues raised by the Subcommittee's in its written decision on your initial claim and/or to provide additional information or raise additional issues not contained in your claim.

## APPEAL OF DENIAL OF DISABILITY RETIREMENT BENEFITS

You must file an appeal if your claim is denied in whole or in part and you wish to challenge that denial. You must file the appeal within 180 days of your receipt of the notice denying your claim.

- To file an appeal, you must submit the appeal in writing to the Administrative Committee in the same manner as you submit an initial claim. Telephone inquiries will not be considered an appeal.
- Your appeal should be in the form of a letter, statement or memorandum. Your appeal should explain why you disagree with the Subcommittee's decision to deny your claim. For example, if you believe that the Subcommittee based its decision on incorrect facts, you should describe



what you believe are the correct facts. Similarly, if you believe that the Subcommittee based its decision on an incorrect interpretation of the plan or the applicable law, you should describe what you believe is the correct interpretation.

- You may submit written comments, documents, records, and other information relating to your claim.
- You will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits. You may obtain these materials by contacting the Administrative Committee.

If you fail to submit an appeal within 180 days after receiving notice that your benefit claim has been denied in whole or in part, as described above, you will lose the opportunity to submit an appeal. You will also lose the opportunity to have the denial of your benefit claim reviewed by a court.

If you submit an appeal within 180 days after receiving notice that your benefit claim has been denied, a Committee Representative (other than the Subcommittee) will review its denial of your claim and consider any issues raised in your appeal. The Committee Representative will provide you with its decision within 45 days after it receives your appeal. The 45-day period may be extended for another 45-day period if it is found that special circumstances require an extension of time. In that case, prior to the expiration of the first 45-day period, you will be informed in writing of the reason for the extension, and the date on which a decision is expected.

The Committee Representative will reach its decision on review without giving deference to the initial denial of your claim. Neither the individuals who made the initial denial that is the subject of the appeal, nor any subordinate of such individuals, will participate in the Committee Representative's review of the denial of your benefit claim. If the initial denial of your claim was based in whole or part on medical judgment, the Committee Representative will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment in reaching its decision on review. The healthcare professional consulted by the Committee Representative will be an individual who is neither an individual consulted in connection with the initial denial of your claim nor a subordinate of such individual.

The Committee Representative's decision will be given to you in writing. If the Committee Representative's decision affirms the denial of your claim, its written decision will contain:

- The specific reason or reasons for the adverse determination;
- References to the specific plan provisions on which the benefit determination is based;
- A statement that you will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits. You may obtain these materials by contacting the Administrative Committee;
- The identity(ies) of any medical or vocational expert(s) whose advice was obtained on behalf of the Committee Representative in connection with the Committee Representative's review of the denial of your claim; and
- A statement of your right to bring a civil action under Section 502(a) of ERISA in order to obtain a judicial review of the Committee Representative's decision.

## JUDICIAL REVIEW OF COMMITTEE'S DECISION

If you do not receive the Subcommittee's decision (or Committee Representative's decision) within the time limits described above, after you have filed a claim or an appeal of a denied claim, you may file a lawsuit under ERISA to pursue your benefit claim.



If you receive the Subcommittee's decision (or Committee Representative's decision) within the time limits described above, but the decision affirms the denial of your claim in whole or in part, you may bring a lawsuit under Section 502(a) of ERISA in order to obtain a judicial review of the decision.

No lawsuit may be brought to recover benefits under the plan unless you have exercised the benefit claim and appeal rights described above within the specified time frames and the plan benefits claimed in such claim and appeal have been denied in whole or in part.

**After exhaustion of the claim and appeal procedures, any further legal action taken by you or your legal representative against the plan or its fiduciaries for benefits must be filed in an appropriate court of law no later than 180 days after the Subcommittee's (or Committee Representative's) final decision regarding your appeal of your denied claim. Otherwise, you will lose your right to bring a lawsuit under Section 502(a) of ERISA, regardless of whether all comments, documents, records, or other information relating to your claim were submitted or considered when the initial claim or appeal of denied claim was decided. Failure to comply with the 180-day time frame will result in a loss of any entitlement to benefits under this plan with respect to the denied claim and appeal.**

## CLAIMS BY BENEFICIARIES OF OTHERS

The above benefit claim and appeal procedures also apply with respect to any person who claims a right to receive some or all of your benefit under the plan, including an alternate payee making a claim pursuant to a qualified domestic relations order (QDRO) and your spouse, estate, or beneficiary making a claim after your death. The claimant may file a claim with the Administrative Committee and if the claim is denied in whole or in part by the Subcommittee, the claimant may file an appeal of the denied claim, as described above.

## AUTHORIZED REPRESENTATIVE

When submitting a claim or an appeal, you can authorize a representative to act on your behalf by providing written notification of the representative. The written notification must include the representative's name, address, and phone number. If you are unable to provide a written statement, the plan requires other written proof (such as power of attorney or court order of guardian/conservator) that the representative has been authorized to act on your behalf.

Once a representative is authorized, all future related correspondence will be sent to the authorized representative. The plan will recognize the designated, authorized representative for one year, or as mandated by a court order, before requiring a new authorization. However, you can revoke a designated authorized representative at any time by submitting a signed statement.

The Administrative Committee reserves the right to withhold information from a person who claims to be an authorized representative if there is suspicion about the qualifications of that individual.



# SITUATIONS THAT COULD AFFECT YOUR BENEFIT

## IF YOU ARE REEMPLOYED BY HSBC

If your employment terminates with [HSBC](#) and you are later reemployed by HSBC, your treatment under the [HBUS](#) formula of plan will depend on whether you began to receive benefits before reemployment.

### REEMPLOYMENT BEFORE YOUR ANNUITY STARTING DATE

If you are reemployed by HSBC before your [Annuity Starting Date](#), the following rules apply:

- You will continue to earn [Vesting Service](#) and [Early Retirement Service](#) and, if you are reemployed by a [Participating Employer](#), [Benefit Service](#) (however no Benefit Service is earned after December 31, 2010).
- You will not receive any benefit payment until your reemployment ends.
- After your reemployment ends, you will receive your benefit when you become eligible as described in the section entitled [When Benefits Are Paid](#) on page 19.
- Your benefit will be calculated separately for each of your two periods of employment (taking into account Benefit Service, [Final Average Compensation](#) and the terms of the plan in effect at the end of each separate period of employment). However, all of your periods of employment will be combined to calculate your benefit if any of the following conditions apply:
  - (1) You earn an [Hour of Service](#) after December 31, 2003,
  - (2) You earn at least five additional years of Benefit Service after your reemployment,
  - (3) You have at least 30 years of Vesting Service during all periods of employment, or
  - (4) You are reemployed within 24 months after the end of your earlier period of employment.

### REEMPLOYMENT AFTER YOUR ANNUITY STARTING DATE

If you are reemployed after your Annuity Starting Date, your treatment under the plan depends on whether your benefit payments began before your Normal Retirement Date.

### BENEFITS BEGAN BEFORE NORMAL RETIREMENT DATE

If your HBUS formula benefit payments began before your [Normal Retirement Date](#), the following rules apply:

- You will again participate in the plan and will earn Vesting Service and Early Retirement Service and, if you are reemployed by a Participating Employer, Benefit Service (however no Benefit Service is earned after December 31, 2010).
- The benefit being paid to you and the benefit payment method will be canceled. You will receive no further benefit payment until your reemployment ends.
- After your reemployment ends, benefit payments will resume. The benefit payment method will depend on whether you are married when the benefit payments resume and you will receive a new opportunity to elect an optional payment method at that time. Your benefit will be calculated separately for each of your two periods of employment (taking into account [Benefit Service](#), [Final Average Compensation](#) and the terms of the plan in effect at the end of each separate



period of employment). However, all of your periods of employment will be combined to calculate your benefit if any of the following conditions apply:

- (1) You earn an [Hour of Service](#) after December 31, 2003,
  - (2) You earn at least five additional years of Benefit Service after your reemployment,
  - (3) You have at least 30 years of [Vesting Service](#) during all periods of employment, or
  - (4) You are reemployed within 24 months after the end of your earlier period of employment.
- The benefit paid to you when payments resume will be reduced by the [Actuarial Equivalent](#) value of the benefits paid to you before your reemployment. However, if your benefit was previously paid as an annuity, the monthly payment under your new benefit, when determined in the same form of annuity as previously paid, will not be less than the monthly payment under the original benefit.
  - If you should die while you are reemployed, no further benefit will be paid with respect to you unless your spouse (or civil union partner or designated domestic partner) is eligible for a preretirement survivor annuity.

#### **BENEFITS BEGAN ON OR AFTER NORMAL RETIREMENT DATE**

If your [HBUS](#) formula benefit payments began on or after your Normal Retirement Date, the following rules apply:

- You will again participate in the plan and will earn Vesting Service and [Early Retirement Service](#) and, if you are reemployed by a [Participating Employer](#), Benefit Service (however no Benefit Service is earned after December 31, 2010).
- Your benefit payments will be suspended. You will receive no further benefit payments until your reemployment ends.
- After your reemployment ends, benefits will resume in the same form of payment as before your reemployment.
- Your benefit will be calculated separately for each of your two periods of employment (taking into account Benefit Service, Final Average Compensation and the terms of the plan in effect at the end of each separate period of employment). However, all of your periods of employment will be combined to calculate your benefit if any of the following conditions apply:
  - (1) You earn an [Hour of Service](#) after December 31, 2003,
  - (2) You earn at least five additional years of Benefit Service after your reemployment,
  - (3) You have at least 30 years of Vesting Service during all periods of employment, or
  - (4) You are reemployed within 24 months after the end of your earlier period of employment.
- If you received a lump sum payment with respect to your earlier period of employment, your benefit will be based solely on your second period of employment.
- Your original benefit will be increased by the greater of (1) the additional benefit accrued during the period of reemployment (if any) and (2) the actuarial increase in the benefit during the period that the payments were suspended during reemployment.



## FREEZE IN HBUS ACCRUALS IN 2010

The rules described above regarding what happens if you are reemployed are subject to the following additional rules:

- If you are reemployed after December 31, 2009, you generally will not be eligible to participate in the [HBUS](#) formula of the Plan. Instead, you will participate in the [Cash Balance](#) formula following your reemployment. However, no Pay Credits are earned under the Cash Balance formula after December 31, 2012.
- If you are reemployed before 2010, you will resume active participation in the HBUS formula but benefit accrual under the HBUS formula will cease after 2010. You may continue to earn benefits under the Cash Balance formula in 2011 and 2012. See the section of this SPD entitled [Participants Stop Earning HBUS Formula Benefits After 2010](#) beginning on page 2.

## IF YOU ARE TRANSFERRED

You only earn a benefit under the plan while you are employed by an [Affiliate](#) of [HSBC Bank](#) that has adopted the plan, that is, a [Participating Employer](#).

If you transfer to an Affiliate of HSBC Bank that has not adopted the plan you will continue to earn [Eligibility Service](#), [Vesting Service](#) and [Early Retirement Service](#), but you will not earn [Benefit Service](#). If you retire or your employment ends while working for the nonparticipating Affiliate, all of your service will count toward Vesting and eligibility for an early retirement benefit. However, any HBUS formula benefit you receive will be based on your [Final Average Compensation](#) and Benefit Service determined as of the date on which you last worked for a Participating Employer (or December 31, 2010, if earlier).

If you transfer from an Affiliate of HSBC Bank that is not participating in the plan to a Participating Employer, your service with the non-participating Affiliate will count as Eligibility Service, Vesting Service and Early Retirement Service but not as Benefit Service. Your eligibility to participate in the plan and to receive an early retirement benefit will be determined on the basis of all of your Eligibility Service and Early Retirement Service before and after the transfer. However, the amount of your HBUS formula benefit will be calculated only on the basis of your [Compensation](#) and Benefit Service earned with the Participating Employer after the transfer and before 2011.

If you transfer from one Participating Employer to another Participating Employer, all of your service and Compensation with both employers will be taken into account in determining your eligibility for an early retirement benefit and for calculating the amount of your benefit.

## ASSIGNMENT OF BENEFITS

As a general rule, you cannot assign your benefits under the plan and no one may enforce a claim against them. This means that you cannot sell your interest in the plan, give it away, use it as collateral for a loan, or otherwise transfer it to another person.

In general, your creditors cannot attach, garnish, or otherwise interfere with your benefits under the plan. However, the plan must comply with a qualified domestic relations order.

## QUALIFIED DOMESTIC RELATIONS ORDERS (QDRO)

Some or all of your vested benefit may be paid to a spouse, former spouse, child, or other dependent (called an "alternate payee") pursuant to a qualified domestic relations order (QDRO) issued by a court under state domestic relations law in connection with a divorce, separation, or other proceeding to settle alimony, division of marital property, or child support. If the plan administrator receives such an order, it will notify you and it will direct the [trustee](#) to make payments



in accordance with the order. These payments can be made once you have reached the earliest age at which you could receive benefits under the plan, even if you are still employed. Your interest in the plan will be reduced by any payment made pursuant to a QDRO.

QDRO payments are subject to the QDRO procedures adopted by the [Administrative Committee](#). Participants and alternate payees can obtain, without charge, a copy of the QDRO procedures by contacting the HSBC Benefits Center at 1-800-847-0615 between 8:00 a.m. and 6:00 p.m. Central time, Monday through Friday.

## IF YOU DIE DURING MILITARY SERVICE

If you die while on military leave, your [beneficiary](#) will receive any additional benefits that would have been provided to you had you resumed employment prior to your death. This includes [Vesting](#) and ancillary death benefits, but not additional accruals.

If you die while performing qualified military service (as defined under the Uniform Services Employment and Reemployment Rights Act [USERRA]), your survivors will be entitled to any additional benefit that would have been paid if you had resumed active employment and then terminated employment on account of death. For example, your spouse (or designated domestic partner) may be eligible for a [Special Spouse's Benefit](#) in lieu of a [Regular Spouse's Benefit](#).





## HOW BENEFITS COULD BE REDUCED, LOST, OR DELAYED

Your pension benefits under the plan can be reduced, lost, or delayed if one of the following applies:

- You are not [Vested](#) when you leave [HSBC](#) and you leave before age 65. In this case, neither you, nor your spouse or other [beneficiary](#), nor any alternate payee under a [QDRO](#) is entitled to a plan benefit.
- Your benefit is the subject of a QDRO which requires payment of all or part of your payment to an alternate payee and corresponding reduction in the amount payable to you.
- You do not provide the [HSBC Benefits Center](#) with your current address and you cannot be located.
- You or your beneficiary is legally incapable of giving a valid receipt for any benefit paid and no guardian is appointed. In this case, the plan can make payment to the person or persons who have assumed the care and principal support for you or your beneficiary.
- You separate from service before your [Normal Retirement Date](#), but at a time when you are eligible to receive payment, and you choose to defer receipt of your benefit. If your benefit is greater than \$5,000, you can defer receipt of your benefit until the later of your termination of employment with HSBC or your Normal Retirement Date. (However, you cannot defer receipt of your benefit past April 1 of the year following the year in which you turn 70-1/2 even if you are still employed by HSBC.)
- You fail to initiate a proper [request for benefits](#) or fail to provide necessary information.
- The plan is terminated at a time when there are insufficient assets in the trust to pay all plan benefits. In this case, payment of your benefit may be guaranteed in whole or in part by the [Pension Benefit Guaranty Corporation](#) (PBGC).
- Your benefit is reduced under Internal Revenue Code Section 415, which governs the [maximum amount that can be paid](#) to a participant from qualified pension plans.
- Benefit payments are restricted under Internal Revenue Code Section 436, which limits lump sum payments and certain other payments if the plan is deemed insufficiently well-funded. If you elect a form of payment that is restricted under Section 436, you will be permitted to elect a different, non-restricted form of benefit, or to defer payment until a subsequent year when the payment may no longer be restricted. However, you will not be permitted to defer payment beyond April 1st of the calendar year following the calendar year in which you attain age 70-1/2, even if that means you must elect a different, non-restricted form of benefit.

The actual amount of your benefit is determined under the terms of the official plan document based on final data. If there is a difference between the amount of your benefit determined under the official plan document and the amount described in any benefit estimate you are provided, the plan pays the amount determined under the plan document, even if that amount is less. In addition, the Plan Administrator reserves the right to take steps to correct or recover any erroneous benefit payments.





## OFFSET BY BENEFITS FROM PRIOR PLANS

If you are granted [Benefit Service](#) under the [HBUS](#) formula of the plan for years when you participated in the defined benefit pension plan of an employer that was not affiliated with [HSBC](#), your HBUS formula benefit will be reduced by the benefit payable under that other defined benefit pension plan so that your total benefit from the two plans equals the benefit that would have been payable to you under the HBUS formula if you had always been an HSBC Bank employee. Special rules apply if the other defined benefit pension plan was merged into the HBUS Plan. See [Special Rules for Participants in Plans that Merged into the HBUS Plan](#) beginning on page 57.



## SOCIAL SECURITY

An important source of retirement income is your monthly [Social Security benefit](#). HSBC has shared equally with you in the cost of providing these benefits by matching your own contributions to Social Security—dollar for dollar.

There are a few facts about Social Security benefits that you should keep in mind:

- Social Security benefits will not change your benefits from this plan. Your benefit from this plan is in addition to any benefits you or your spouse may receive from Social Security.
- Social Security benefits replace a higher percentage of income for retiring participants at lower pay levels. It is impossible to determine the exact amount you will receive until you actually apply for Social Security benefits, since benefits are subject to change.
- You may receive an estimate of your Social Security benefits from the Social Security Administration each year or you can obtain an estimate by contacting the Social Security Administration. You should check the record of your earnings to be sure you receive the correct Social Security benefits in the future. The Social Security Administration has also developed retirement planning aids that you can access at its Web site: [www.ssa.gov](http://www.ssa.gov).
- The government has gradually increased the Social Security full retirement age. Social Security full retirement age is the age at which you can collect full retirement benefits from Social Security without any reduction for early retirement. The chart below shows what your Social Security full retirement age is, depending on your year of birth.

### Year of Birth Full Retirement Age

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 + 2 months
1939	65 + 4 months
1940	65 + 6 months
1941	65 + 8 months
1942	65 + 10 months
1943 – 1954	66
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 or later	67



- If you plan to retire before your Social Security full retirement age, you will receive a reduced Social Security benefit (unless you wait until your Social Security full retirement age). Retirement benefits from Social Security are not payable before age 62.
- You should apply for Social Security benefits before your actual retirement date. When you apply, you should take your birth certificate as proof of your age. You may be required to present your marriage certificate. It is also helpful to take your W-2 form for the previous year.
- If you are married at the time you begin to receive your monthly Social Security retirement check, your spouse may also be eligible to receive a retirement benefit at your Social Security retirement age. Your spouse's benefit will be up to one-half of your benefit or a benefit based on your spouse's earnings, whichever is larger.
- If you die after you and your spouse have begun to receive Social Security retirement benefits, your spouse will continue to receive benefits.



## GENERAL PLAN INFORMATION

This document is your Summary Plan Description (SPD) for purposes of the [Employee Retirement Income Security Act of 1974 \(ERISA\)](#). It highlights rights and obligations of participants under an employee benefit plan established by the plan sponsor. All of the details of the plan are not provided in this SPD. The operation of the plan is governed by the official plan documents.

This SPD does not create a contract of employment and you only have a [Vested](#) right to benefits under this plan as described in this SPD.

This SPD does not describe all benefits provided under the plan but only those benefits provided under the [HBUS](#) formula of the plan. Other benefits are described in separate SPDs. You may obtain copies of these from the Plan Administrator.

## PLAN NAME

The plan name is "HSBC – North America (U.S.) Pension Plan." Before January 1, 2010, the plan was known as the HSBC – North America (U.S.) Retirement Income Plan. Before January 1, 2005, the plan was known as the Household Retirement Income Plan.

## PLAN SPONSOR

HSBC North America Holdings Inc.  
c/o Employee Law – Benefits  
1421 W. Shure Drive, Suite 100  
Arlington Heights, 60004  
1-800-847-0615

## PARTICIPATING EMPLOYERS

The plan is provided for the benefit of [eligible employees](#) of HSBC – North America and [Participating Employers](#), which are HSBC companies doing business in the United States and which have adopted the plan. You can receive a complete list of these employers and their addresses by writing to:

Benefits Administrative Committee  
HSBC-North America  
c/o Employee Law – Benefits  
1421 W. Shure Drive, Suite 100  
Arlington Heights, 60004

## PLAN ADMINISTRATOR

The plan administrator is:

Employee Benefit Plan Administrative Committee  
c/o Employee Benefits Law – Benefits  
1421 W. Shure Drive, Suite 100  
Arlington Heights, 60004  
1-800-847-0615



## QDRO ADMINISTRATOR

The QDRO administrator is:

HSBC Qualified Order Team  
P.O. Box 1433  
Lincolnshire, Illinois 60069-1433  
1-800-847-0615 Fax: 1-847-883-9313 (draft orders only)

## AGENT FOR SERVICE OF LEGAL PROCESS

The Plan Administrator, as named above, is the plan's agent for service of legal process. Accordingly, if legal disputes involving the plan arise, legal documents should be served upon the Plan Administrator.

## TYPE OF PLAN

The plan is a defined benefit pension plan.

## PLAN IDENTIFICATION NUMBER

The Internal Revenue Service assigns each employer an identification number. The Employer Identification Number (EIN) for HSBC North America Holdings Inc. is 23-2186091.

Each employee benefit plan sponsored by HSBC – North America is required to be assigned a 3 digit Plan Number (PN). The Plan Number for the Retirement Income Plan is 001.

## PLAN YEAR

Records for the plan are kept on a plan year basis, which is the same as the calendar year, beginning January 1 and ending the following December 31.

## PLAN ADMINISTRATION

The [Administrative Committee](#) is the Plan Administrator who is responsible for administering the plan and complying with all ERISA reporting and disclosure laws applicable to the plan. The Administrative Committee has complete discretionary authority to interpret, apply, and administer the terms of the plan and to determine eligibility for benefits and the amount of any benefits under the plan.

## PLAN FUNDING

HSBC – North America, with the assistance of actuaries, determines the benefit you will receive in the future. It then contributes money into a trust fund which, together with investment earnings, is intended to be sufficient to pay this benefit in the future. The minimum contribution that HSBC – North America must make into the trust fund each year, and the maximum contribution that it can make each year, are set by law and are based on the amount of benefits promised under the plan.

The plan assets held in the trust are invested by the trustee under the direction of investment advisors who are selected and monitored by an Investment Committee consisting of individuals appointed by HSBC – North America. The Investment Committee is responsible for developing and implementing an investment policy that meets the needs of the plan.

Employee contributions to the plan are not allowed.



## PLAN TRUSTEE

A trustee holds the plan assets and distributes all pension benefits. The trustee for the plan is:

The Northern Trust Company  
50 South LaSalle Street  
Chicago, Illinois 60675

## ADDITIONAL INFORMATION ABOUT THE PLAN

As a plan participant, you will automatically receive the following materials:

- An annual funding notice summarizing the funded status of the plan;
- A benefit statement advising you of the amount of your vested benefit under the plan at least once every three years;
- A summary of material changes made to the plan, within 210 days after the end of the plan year in which the changes are made;
- A complete, updated Summary Plan Description every five years if changes are made after you receive this document; and
- A complete Summary Plan Description every 10 years, even if no changes are made.

You will not receive additional information about the plan in a timely manner if the Plan Administrator cannot find you. Therefore, you should make certain that the Plan Administrator has your correct address on file.

## PLAN AMENDMENT

HSBC – North America reserves the right to amend the plan at any time for any reason; however, no amendment will reduce your benefit under the plan. Also, no amendment may change the time or manner in which you are entitled to receive your benefit under the plan except as may be provided by law. The plan may be amended by written instrument executed as directed by the Board of Directors of HSBC – North America or in some instances as directed by the Chief Executive Officer, Secretary, Chief Financial Officer, or the Senior Executive Vice President-Human Resources of HSBC – North America.

## PLAN TERMINATION

HSBC – North America reserves the right to terminate the plan at any time and for any reason, to the extent permitted by law. If the plan is terminated and you were not already fully [Vested](#) in your plan benefit, you will become fully Vested in your benefit to the extent it is funded.

If the plan were terminated at a time when the trust held sufficient assets to pay the [Accrued Benefits](#) of all participants, the [Administrative Committee](#) would use the plan assets to pay expenses and to purchase a group annuity from an insurance company that would provide future benefits for each participant under terms and conditions similar to those of the plan. However, the Administrative Committee could provide for payment of each participant's benefit in some other manner that is consistent with the terms of the plan. Retirees, spouses, and other beneficiaries receiving benefits, and former participants with vested benefits, would be provided for in a similar manner. After provision had been made for the payment of all participant benefits, the remaining plan assets (if any) not needed to pay benefits would revert to the [Participating Employers](#).



If the plan were terminated at a time when the trust held insufficient assets to pay the Accrued Benefits of all participants, the plan assets would be used, as provided by law, to pay expenses and to provide benefits to retired participants and spouses and other beneficiaries in pay status, to Vested active participants and to terminated vested participants, and other participants in the order prescribed by law. If assets are not sufficient to provide all these benefits, the Pension Benefit Guaranty Corporation could take over the plan, as explained below. Neither HSBC –North America, nor any HSBC [Affiliate](#), guarantees the payment of benefits.



## PENSION BENEFIT GUARANTY CORPORATION

The Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency, insures benefits under the plan. The plan pays a premium on your behalf each year for this insurance. You are not charged for this protection.

If the plan ends without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received; but some may lose certain benefits.

### **The PBGC guarantee generally covers:**

- Normal and early retirement pension benefits; and
- Certain survivor benefits.

### **The PBGC guarantee generally does not cover:**

- Benefits greater than the maximum guaranteed amount set by law for the year in which the plan ends;
- Some or all of benefit increases and new benefits based on plan provisions that have been in place for less than five years at the time the plan ends;
- Benefits that are not vested because you have not worked long enough for [HSBC](#);
- Benefits for which you have not met all of the eligibility requirements at the time the plan ends;
- Certain early retirement payments that result in an early retirement monthly benefit greater than your monthly benefit as of the plan's [Normal Retirement Date](#); and
- Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money the plan has and how much the PBGC collects from employers. For more information about the PBGC and the benefit guarantees, ask the Plan Administrator, or write to the PBGC at:

Technical Assistance Division  
PBGC  
1200 K Street N.W., Suite 930  
Washington, DC 20005-4026

or call 202-326-4000 (not a toll-free number). The PBGC also may be reached by calling 1-800-400-7242. TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 1-800-400-7242. Additional information about the PBGC's pension insurance program is available through the PBGC's Web site at [www.pbgc.gov](http://www.pbgc.gov).





## YOUR RIGHTS UNDER ERISA

As a participant in the plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants are entitled to certain rights, as outlined in the following information.

### RECEIVE INFORMATION ABOUT YOUR PLAN AND BENEFITS

You have the right to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, all documents governing the plan, including insurance contracts and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration (EBSA);
- Obtain, upon written request, copies of documents governing the operation of the plan, including insurance contracts, copies of the latest annual report (Form 5500 Series), and an updated Summary Plan Description (the Plan Administrator may make a reasonable charge for the copies);
- Receive the plan's annual funding notice, which the Plan Administrator is required by law to provide to each participant; and
- Request a statement, without charge, telling you whether you have a right to receive a pension as of your [Normal Retirement Date](#) (generally age 65) and, if so, what your benefits would be as of your Normal Retirement Date if you stop working now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months.

### PRUDENT ACTIONS BY PLAN FIDUCIARIES

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called fiduciaries of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

### ENFORCE YOUR RIGHTS

If your request for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Please note that you may not begin any legal action, including proceedings before administrative agencies, until you have followed and exhausted the plan's request for benefits and review procedures.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest funding notice from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.



If you have a request for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in a federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

## ASSISTANCE WITH YOUR QUESTIONS

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the Employee Benefits Security Administration (EBSA), U.S. Department of Labor at:

<b>Nearest Regional Office:</b>	<b>National Office:</b>
Employee Benefits Security Administration U.S. Department of Labor Chicago Regional Office 200 West Adams Street, Suite 1600 Chicago, IL 60606 1-312-353-0900	Division of Technical Assistance and Inquiries Employee Benefits Security Administration U.S. Department of Labor 200 Constitution Avenue NW Washington, DC 20210 1-866-444-3272

You also can find answers to your plan questions, your rights and responsibilities under ERISA, and a list of EBSA field offices by visiting EBSA's Web site at [www.dol.gov/ebsa](http://www.dol.gov/ebsa).



## GLOSSARY

Many terms used in this SPD have special meanings. When used throughout this document, these terms are underscored and linked (at the first reference on each page) to this section.

### ACCRUED BENEFIT

Your Accrued Benefit under the plan on any measurement date is the amount of monthly payment you would receive under a [Life Annuity](#) (reflecting your [HBUS](#) formula benefit and your [Cash Balance](#) formula benefit, if any) beginning on your [Normal Retirement Date](#) if you left [HSBC](#) on that measurement date. This SPD describes only your Accrued Benefit under the HBUS formula, that is, your HBUS formula benefit.

### ACTUARIAL EQUIVALENT

Your HBUS formula benefit is initially calculated as the amount payable under a Life Annuity beginning on your Normal Retirement Date.

If payment of your benefit begins on a date other than your Normal Retirement Date, or if your benefit is paid in a form other than a Life Annuity, then it is likely that a different number of monthly payments will be made to you (and your beneficiary, if any) than were assumed in the initial calculation of your benefit. In that case, the amount of your monthly payment may be adjusted so that the present value of all monthly payments likely to be made to you (and your beneficiary, if any) is the same as the present value of a Life Annuity beginning on your Normal Retirement Date.

When the present values on a specified date of two benefits payable in different forms and/or payable beginning on different dates are the same, then one benefit is the “Actuarial Equivalent” of the other benefit.

The present value on a specified date of one or more benefit payments to be made in the future is calculated by discounting the future benefit payment(s) by an interest factor and, if payment of the benefit depends on you or your beneficiary being alive on the date of payment, a mortality factor. A similar process is used to calculate the present value of one or more benefit payments made in the past.

The plan prescribes different interest factors and different mortality factors for use in calculating the present value of benefit payments for different purposes. Also, [Merged Plans](#) prescribe different factors for calculating the present value of Merged Plan Benefits for different purposes. The most common purposes are (i) converting a benefit calculated in the normal form of payment into an optional form of payment and (ii) converting a benefit payable beginning on a participant’s Normal Retirement Date into a benefit payable beginning on a different date.

### ADMINISTRATIVE COMMITTEE

The Administrative Committee is a committee of individuals appointed by HSBC – North America to administer the plan. The Administrative Committee has all powers, duties, responsibilities, and obligations other than those reserved to the Board of Directors of HSBC – North America, the trustee of the plan, and the Investment Committee. The Administrative Committee’s authority includes full discretionary authority to determine eligibility for benefits and construe the terms of the plan.



## AFFILIATE

A business organization is an Affiliate of a company if: (1) the business organization is at least 80 percent owned directly or indirectly by the company, (2) the business organization owns directly or indirectly at least 80 percent of the company, or (3) the business organization shares a common parent with the company if the common parent owns directly or indirectly at least 80 percent of the company and at least 80 percent of the business organization. A business organization is not an Affiliate of a company during any period of time when none of these ownership relationships existed.

For example, Marine Midland Banks, Inc. and its subsidiaries have always been Affiliates of [HSBC Bank](#) (f/k/a Marine Midland Bank). All of the companies included in [HSBC](#) became Affiliates of HSBC Bank on December 15, 1987 as a result of the acquisition of HSBC Bank by HSBC on that date.

## ANNUITY STARTING DATE

Your Annuity Starting Date is the first day of a calendar month that is the official beginning date of your benefit payments. In the case of a normal retirement benefit, your Annuity Starting Date is ordinarily your [Normal Retirement Date](#). Your Annuity Starting Date is important for the following reasons:

- **Determine benefit amount.** The amount of your benefit is calculated with reference to your Annuity Starting Date.
- **Determine marital status.** The normal form in which your benefit will be paid is a [Life Annuity](#) if you are unmarried and a [50% Joint and Survivor Annuity](#) if you are married. Whether you are married or unmarried will be determined as of your Annuity Starting Date.
- **Election of optional benefit form.** You may elect to have your benefit paid in an [optional form](#), and you may change your election, during the 180 day election period ending on your [Annuity Starting Date](#). The form of benefit payment in effect after your Annuity Starting Date, whether a normal or optional form, will be irrevocable.
- **Determine death benefit (if any).** If you die before your Annuity Starting Date, no plan benefit will be paid to you. However, your spouse or civil union partner or designated domestic partner may be entitled to a [Preretirement Surviving Spouse's Benefit](#). If you die on or after your Annuity Starting Date, and you elected to have your benefit paid in the form of an annuity, the benefit payable after your death will be the survivor annuity or other payment, if any, payable under the form of annuity elected by you.

You may have the same or different Annuity Starting Dates for your HBUS formula benefit and your [Cash Balance](#) formula benefit (if you earn a benefit under the plan in 2011 or 2012).

## APPLICABLE INTEREST RATE

The Applicable Interest Rate is the interest rate used under the plan to convert a Life Annuity into a different form of annuity. The Applicable Interest Rate is based on corporate bond rates in the month of September preceding the Plan Year in which your benefit payments begin. It is determined from guidelines published by the Internal Revenue Service.

## APPLICABLE MORTALITY TABLE

The Applicable Mortality Table is the mortality table (a table used for assigning mortality risk) used under the plan to convert a Life Annuity into a different form of annuity. The Applicable Mortality Table may change each year under guidelines published by the Internal Revenue Service.



## BENEFIT SERVICE

Your annual benefit under the plan is calculated by multiplying your [Final Average Compensation](#) times a benefit rate and by multiplying that product times your [Benefit Service](#) (see [Your Plan Benefit](#)).

Your Benefit Service is determined in whole years and a fraction of a year equal to whole calendar months. For example, if your Benefit Service began on January 1, 1995 and ended on July 31, 2009, you would have earned 14 years and 7 months of Benefit Service, or 14 years and 7/12ths of a year of Benefit Service. No more than 30 years of Benefit Service may be used to calculate your benefit under the HBUS formula of the plan.

**No Benefit Service is earned under the [HBUS](#) formula of the plan after 2010.**

You earn Benefit Service only during months of employment when you belong to a class of employees eligible to participate in the plan (see [Your Eligibility to Participate](#)) and your employer is a [Participating Employer](#).

The rules for determining Benefit Service changed effective January 1, 2005 as a result of the merger of the HBUS Plan into the plan. You must determine your Benefit Service under one set of rules for service after 2004 and under another set of rules for service before 2005.

### SERVICE AFTER 2004

The following rules determine Benefit Service earned on and after January 1, 2005:

You earn a month of Benefit Service for each calendar month when you are an employee and belong to a class of employees eligible to participate in the plan and your employer is a [Participating Employer](#). However, you will not earn Benefit Service during a calendar year in which, because of your work schedule, you would work less than 1,000 [Hours of Service](#) if you worked the entire year.

The calendar month in which you begin employment will count as a month of Benefit Service if you are employed for one day during that month. The calendar month in which you end employment will count as a month of Benefit Service if you are employed for at least seven days during that month.

Absence from employment because of a leave of absence granted by your employer, whether for illness, accident, or any other cause, as may be determined by the [Administrative Committee](#) using objective, nondiscriminatory criteria applied, to count as Benefit Service.

Absence from employment because of a long term disability that makes you eligible for benefits under your employer's LTD plan or would make you eligible but for the fact that the LTD plan excludes payment for benefits for long-term disability incurred while serving in the United States military, may count as Benefit Service *so long as you have not begun to receive a [Disability Retirement benefit under the plan](#).*

Absence from employment because of military service will count as Benefit Service provided you accept your discharge from such service within one year after you first becomes eligible for discharge and you return to employment within six months after such discharge or if you return to employment within such other period as your employment rights are protected by law.



## SERVICE BEFORE 2005

The following rules determine Benefit Service earned before January 1, 2005:

You are credited with Benefit Service equal to the "[Credited Service](#)" earned by you as of December 31, 2004 under the HBUS Plan document. (Benefit Service is called "Credited Service" in the HBUS Plan document.)

In general, Credited Service equals [Eligibility Service](#) earned under the [HBUS](#) Plan, but Credited Service does not include Eligibility Service earned:

- By you as an employee of an [Affiliate](#) of [HSBC Bank](#) at a time when the Affiliate had not adopted the HBUS Plan (or, before September 3, 1985, had not adopted the former Marine Midland Retirement Plan).
- By you as an employee who was not at the time a member of the class of employees eligible to participate in the HBUS Plan (or former Marine Midland Retirement Plan). See [Your Eligibility to Participate](#).
- If you began participation in the HBUS Plan after 1993, Credited Service does not include any Eligibility Service you earned before you became a "participant" in the HBUS Plan. You became a "participant" in the HBUS Plan on the first January 1 or July 1 after you reached age 21 and earned a year of Eligibility Service.
- If you began participation in the HBUS Plan before 1994 but after 1984, Credited Service does not include any Eligibility Service you earned before the earlier of (1) the date you became a "participant" in the HBUS Plan or (2) the date you reached age 25. You became a "participant" in the HBUS Plan on the first January 1 or July 1 after you reached age 21 and earned a year of Eligibility Service.
- If you began participation in the former Marine Midland Retirement Plan before September 3, 1985 but after December 31, 1984, Credited Service does not include any Eligibility Service you earned before the earlier of (1) the date you became a "participant" in the former Retirement Plan or (2) the date you reached age 25. You became a "participant" in the former Marine Midland Retirement Plan on the first January 1 or July 1 after you reached age 21 and earned a year of Eligibility Service.
- If you began participation in the former Marine Midland Retirement Plan before 1985, Credited Service does not include any Eligibility Service you earned before the later of (1) January 1, 1976 or (2) the date you reached age 25. However, if you were employed on January 1, 1976 by HSBC Bank or its Affiliate, and if your employer was participating in the former Marine Midland Retirement Plan on that date, your Credited Service will include Eligibility Service earned before January 1, 1976 to the extent that your service was recognized as "Credited Service" under the former Marine Midland Retirement.

In addition, if you were a full-time employee, Credited Service did not include any Eligibility Service earned during any period of severance, that is, after a severance from service but before reemployment.

If your Credited Service determined as of December 31, 2004 included some number of days in excess of whole years and whole months, those days will be added to any Benefit Service earned after 2004 to determine your total Benefit Service.

The HBUS Plan was amended effective January 1, 1988 to allow eligible employees hired after age 60 to participate in the HBUS Plan beginning on the later of January 1, 1988 or the date they earned one year of Eligibility Service. Credited Service for these employees begins on the later of January 1, 1988 or the employee's date of hire (or date of participation if hired after 1993).



## CASH BALANCE

The term “Cash Balance formula” is used in this SPD to refer to the section of the plan that applies a cash balance benefit formula to determine the benefit of participants who were first employed by Household after 1999 or first employed by [HSBC](#) after 1996 (these HSBC employees began participation in the Cash Balance section of the plan in 2005).

The Cash Balance formula will be used to determine all benefits earned under the plan in 2011 and 2012. No benefits can be earned under the plan after 2012.

The “Cash Balance SPD” is a separate summary plan description that describes the Cash Balance formula of the plan. Participants who earned [HBUS](#) formula benefits before 2011 and who earn Cash Balance formula benefits in 2011 or 2012 should consult this SPD for a description of their HBUS formula benefit and the Cash Balance SPD for a description of their Cash Balance formula benefit.

## COMPENSATION

No Compensation is taken into account under the HBUS formula of the plan after 2010.

Your Compensation is used to calculate your [Final Average Compensation](#) which is used to calculate your benefit. Your Compensation is your regular basic earnings, including:

- Paid absences;
- Payments you may receive under State disability or Workers’ Compensation laws, or from the HBUS Salary Continuation Plan;
- Shift differentials;
- Any part of your basic salary that you contribute on a before-tax basis to the HSBC – North America (U.S.) Tax Reduction Investment Plan, Flexible Benefits Plan (group medical, dental, and flexible spending account), Family Care Plus Plan, TransIT Plan, or to any other cafeteria plan maintained by HSBC – North America or a Participating Employer that otherwise would have been reported as taxable W-2 earnings for the year; and
- Any general year-end staff bonus paid in cash.

Compensation does not include:

- Overtime pay;
- Bonuses;
- Deferred salary;
- Non-working notice period payments;
- Severance pay; and
- Any special payments.

Annual Compensation used to calculate your Final Average Compensation was limited by law to \$200,000 beginning January 1, 1989. This limit increased with inflation until January 1, 1994 when the limit was reduced to \$150,000. The \$150,000 limit increased with inflation until January 1, 2002 when it was increased to \$200,000. The \$200,000 limit increased with inflation until January 1, 2009 when the limit became \$245,000. The limit will continue to increase with inflation in the future, unless the applicable law changes. The plan contains special rules to preserve benefits accrued prior to the effective dates of these limits.





## COVERED COMPENSATION

Covered Compensation is the average of the Social Security wage bases in effect for each calendar year during the 35-year period ending with the calendar year in which you reach your Social Security Retirement Age.

- The Social Security wage base for any given calendar year is the maximum amount of earnings that are subject to Social Security taxes for that year.
- Your Social Security Retirement Age is 65 if you were born before January 1, 1938, age 66 if you were born after December 31, 1937 but before January 1, 1955, and age 67 if you were born after December 31, 1954.

Your Covered Compensation is determined as of the last day on which you earn [Benefit Service](#) using the assumption that the Social Security wage base will not increase between the year in which the determination is made and the year in which you attain Social Security Retirement Age.

## CREDITED SERVICE

The term “Credited Service” is used in the HBUS Plan document to refer to [Benefit Service](#).

## EARLY RETIREMENT SERVICE

Early Retirement Service is used to determine whether you are eligible for an [early retirement benefit](#) or a [special early retirement benefit](#) and, if so, when you can begin to receive that benefit.

The rules for determining Early Retirement Service changed effective January 1, 2005 as a result of the merger of the [HBUS](#) Plan into the plan. You must determine your Early Retirement Service under one set of rules for service after 2004 and under another set of rules for service before 2005.

### SERVICE AFTER 2004

You earn a year of Early Retirement Service for each “Year of Employment” completed after January 1, 2005. You earn one “Year of Employment” for each 12 months of employment by [HSBC](#) (including any [Affiliate](#) of HSBC). The 12-month period does not need to be a calendar year but each month must be a calendar month. You earn a month of employment for each calendar month you are employed by HSBC provided that your employment schedule requires you to work 1,000 hours in each calendar year (if you worked the entire year).

### SERVICE BEFORE 2005

Your Early Retirement Service earned before 2005 equals the amount of [Eligibility Service](#) you earned under the HBUS Plan as of December 31, 2004. (Early Retirement Service is called “Eligibility Service” in the HBUS Plan document.)

## ELIGIBILITY SERVICE

“Eligibility Service” is used in the plan after 2004 to mean service used to determine an individual’s eligibility to participate in the plan. You will have a year of Eligibility Service for this purpose if you are credited with 1,000 Hours of Service during either the first 12 months that you are an employee or during any calendar year beginning on or after your first day as an employee.

### ELIGIBILITY SERVICE UNDER HBUS PLAN RULES BEFORE 2005

The HBUS Plan used the term “Eligibility Service” (as defined in the HBUS Plan document) to mean service used to determine vesting for periods before 2005, and your Vesting Service under the plan





as of January 1, 2005 is equal to your “Eligibility Service” determined under the HBUS Plan rules as of December 31, 2004.

Also, the HBUS Plan used the term “Eligibility Service” (as defined in the HBUS Plan document) to mean service used to determine eligibility to receive an Early Retirement benefit for periods before 2005, and your Early Retirement Service under the plan as of January 1, 2005 is equal to your “Eligibility Service” determined under the HBUS Plan rules as of December 31, 2004.

Also, the HBUS Plan used the term “Eligibility Service” (as defined in the HBUS Plan document) to mean service used, with modifications, to determine “Credited Service” (called “Benefit Service” in the plan) which is used to determine benefit amounts. Your Benefit Service under the plan as of January 1, 2005 is equal to your “Credited Service” determined under the HBUS Plan rules as of December 31, 2004.

“Eligibility Service” is determined under the HBUS Plan for periods before 2005 using different rules for Full-time Employees and Part-time Employees.

## FULL-TIME EMPLOYEES

You were a Full-time Employee before 2005 if, on the basis of your regular stated work schedule, you were classified as a Full-time Employee by [HSBC Bank](#) or the [Affiliate](#) that employed you. If you were a Full-time Employee, Eligibility Service included all service with any Affiliate of HSBC Bank after 1975 and after age 18. (For any employee who did not work for HSBC Bank or an Affiliate after 1984, service before age 22 does not count.)

Eligibility Service began on the date your first earned an [Hour of Service](#) and ended on your severance from service date, which is the earliest of:

- Your retirement;
- Your death;
- Your termination of employment; or
- The first anniversary of your absence from work without pay for any other reason.

If you had a severance from service but were re-employed within 12 months, the period of severance between your severance from service date and re-employment date was counted as Eligibility Service. The HBUS Plan contains other rules regarding the determination of Eligibility Service following a severance from service, including the loss of Eligibility Service following an extended break in service. These rules do not apply under plan (except for determining pre-2005 Eligibility Service of former HBUS Plan participants) and are not described further in this SPD. These rules are described in the most recent summary plan description for the HBUS Plan, which was published in 2004, and in prior SPDs for the HBUS Plan.

## PART-TIME EMPLOYEES

You were a Part-time Employee before 2005 if, on the basis of your regular stated work schedule, you were not classified as a Full-time Employee by HSBC Bank or the Affiliate that employed you. If you were a Part-time Employee, you earned one-year Eligibility Service for each calendar year in which you earned at least 1,000 Hours of Service. However, you did not receive Eligibility Service credit for the calendar year in which you reached age 18 (age 22 if you did not work for HSBC Bank or an Affiliate after 1984).

If you were either a Full-time Employee or a Part-time Employee and you were employed by HSBC Bank or an Affiliate on December 31, 1975, Eligibility Service also includes service earned before



that date but after you reached age 18 (age 22 if you did not work for HSBC Bank or an Affiliate after 1984).

If you earned at least 300 Hours of Service in 1975 and participated in the former Marine Midland Retirement Plan on December 31, 1975, the 1,000-hour requirement does not apply and you earned a year of Eligibility Service for each calendar year in which you completed at least 300 Hours of Service.

The [HBUS](#) Plan contains other rules regarding the determination of Eligibility Service following a break in service, including the loss of Eligibility Service following an extended break in service. These rules do not apply under plan (except for determining pre-2005 Eligibility Service of former HBUS Plan participants) and are not described further in this SPD. These rules are described in the most recent summary plan description of the HBUS Plan, which was published in 2004, and in prior SPDs for the HBUS Plan.

## EQUITABLE ANNUITY

“Equitable Annuity” refers to group annuity contract AC-6085 purchased from the Equitable Life Assurance Society of the United States to fund benefits earned through September 3, 1985 under the former Marine Midland Retirement Plan by persons who were active participants in the former Marine Midland Retirement Plan on September 3, 1985 and who became participants in the HBUS Plan on that date.

## FINAL AVERAGE COMPENSATION

Your Final Average Compensation is your average [Compensation](#) during your last 60 months of [Benefit Service](#) or, if higher, your average Compensation during any 60 consecutive months within your last 120 months of Benefit Service. If you continue to be employed by [HSBC](#) after 2010, your Final Average Compensation will be determined with respect to the 120 month period ending on December 31, 2010.

## HBUS

The term “HBUS Plan” refers to the HSBC Bank USA Pension Plan. The HBUS Plan was established as the Marine Midland Pension Plan on September 3, 1985. The name of the HBUS Plan was changed to HSBC Bank USA Pension Plan on March 29, 1999. The HBUS Plan was merged into the plan on December 31, 2004.

The term “HBUS formula” is used in this SPD to refer to the section of the plan that applies the HBUS Plan final average pay benefit formula to determine the benefit of participants who were first employed by HSBC Bank before 1996.

The term “HBUS formula benefit” is used in this SPD to refer to a pension benefit calculated under the HBUS formula set forth in the HBUS section of the plan.

## HOUR OF SERVICE

Hours of Service are used under the plan to determine your [Eligibility Service](#) (after 2004) and [Vesting Service](#). In addition, Hours of Service are used under the plan to determine “employment” which is used to determine Benefit Service and [Early Retirement Service](#). (Generally, your “employment” includes periods when you are scheduled to work 1,000 or more Hours of Service in a calendar year.) For the purposes of the plan, you are credited with a minimum of 45 Hours of Service for each week in which you earn one hour if you are a full-time employee (regularly scheduled to work more than 20 hours per week); and for actual hours worked if you are a part-time employee. Hours of Service are used under the HBUS Plan for periods before 2005 to determine



Eligibility Service and Credited Service for Part-time Employees (but not for Full-time Employees). For this purpose, Hours of Service were determined based on the actual hours for which a Part-time Employee was paid or entitled to payment

“Hour of Service” means the same thing under the plan for periods after 2004 and under the [HBUS Plan](#) for periods before 2005. You earn an Hour of Service for each hour for which you are paid, or entitled to payment, by [HSBC Bank](#) or an [Affiliate](#). This includes time away from work for any of these reasons:

- Approved leave of absence;
- Illness, disability, jury duty, or military duty; and
- Temporary layoff.

Hours of service also includes any hours for which back pay is awarded or agreed to by an HSBC Bank or an Affiliate.

A maximum of 501 hours will be credited for any year you are not at work but are paid.

## HSBC

The term “HSBC” as used in this document may refer to the entire HSBC controlled group of businesses, that is, HSBC Holdings plc and all of its direct and indirect subsidiaries, including HSBC North America Holdings Inc. (“HSBC - North America”), HSBC Bank and any other member of that controlled group.

## HSBC BANK

The term “HSBC Bank” refers to HSBC Bank USA, N.A., the company that established the HBUS Plan. HSBC Bank was formerly known as Marine Midland Bank. Marine Midland Bank was acquired by HSBC on December 15, 1987 and changed its name to HSBC Bank USA on March 29, 1999.

## HSBC BENEFITS CENTER

The HSBC Benefits Center provides administrative and recordkeeping services for the plan. If you have a question about your benefit or wish to initiate benefit payments, you should telephone the HSBC Benefits Center at 1-800-847-0615 and speak with a Benefits Center representative. Benefits Center representatives are available between 8:00 a.m. and 6:00 p.m. Central time, Monday through Friday. Alternatively, you can contact the HSBC Benefits Center by accessing its website at [www.yourbenefitsresources.com/hsbc](http://www.yourbenefitsresources.com/hsbc) at any time. See [Accessing Your Plan Information](#).

## LIFE ANNUITY

A Life Annuity is a form of benefit under which you receive equal monthly payments beginning on your Annuity Starting Date and continuing until your death. No payments are made to any person after your death.

## NORMAL RETIREMENT DATE

Your Normal Retirement Date is the first day of the month on or after your 65th birthday. If your birthday falls on the first of the month, then your Normal Retirement Date is your 65th birthday. However, if you first became a Participant in plan after your 60th birthday, your Normal Retirement date will be the first day of the month on or after the later of your 65th birthday and the 4th anniversary of the date you became a Participant.



## PARTICIPATING EMPLOYER

A Participating Employer is any [Affiliate](#) of HSBC Bank whose board of directors or other governing body has adopted the plan with the consent of HSBC – North America.

## PLAN

The HSBC - North America (U.S.) Pension Plan formally known as the HSBC - North America (U.S.) Retirement Income Plan. The HBUS Plan was merged into the plan on December 31, 2004. The HBUS formula of the plan, which provides benefits under the plan to former HBUS Plan participants, is described in this Summary Plan Description.

## SOCIAL SECURITY BENEFIT

If you participated in the [HBUS](#) Plan before January 1, 1989, your estimated Social Security Benefit is one of the factors used in determining your HBUS formula benefit accrued before that date. It is the estimated Social Security benefit you would have been eligible for at the time when your old formula benefit under the HBUS Plan became fixed (not later than December 31, 1990).

You can request your actual wage history for your Social Security benefit from the Social Security Administration. If you request your wage history and you submit it to the Plan Administrator within a reasonable time after your termination of employment or notification of your HBUS formula benefit, and it results in a higher plan benefit, your actual wage history will be used instead of the estimated benefit.

## VESTED

Once you have become Vested in your benefit under the plan, your benefit cannot be forfeited (taken away) if your employment terminates for any reason before you reach retirement age.

You are Vested if your employment terminates on or after January 1, 2005 and you have three years of Vesting Service or if you reach age 65 while actively employed by [HSBC](#). If your employment terminated on or after January 1, 1989 but before January 1, 2005, you needed five years of Vesting Service and if your employment terminated before January 1, 1989, you needed 10 years of Vesting Service in order to be Vested in your plan benefit.

## VESTING SERVICE

Vesting Service is used to determine when your plan benefit is Vested, that is, when your plan benefit is no longer forfeitable if your employment terminates before you attain retirement age.

The rules for determining Vesting Service changed effective January 1, 2005 as a result of the merger of the [HBUS](#) Plan into the plan. You must determine your Vesting Service under one set of rules for service after 2004 and under another set of rules for service before 2005.

### SERVICE AFTER 2004

You earn a year of Vesting Service for each calendar year in which you earn 1,000 or more [Hours of Service](#).

### SERVICE BEFORE 2005

Your Vesting Service equals the amount of [Eligibility Service](#) you earned under the HBUS Plan as of December 31, 2004. (Vesting Service is called “Eligibility Service” in the HBUS Plan document.)



## SPECIAL RULES FOR FORMER MARINE MIDLAND RETIREMENT PLAN PARTICIPANTS

The former Marine Midland Retirement Plan was terminated on September 3, 1985. Active participants in the former Marine Midland Retirement Plan on September 3, 1985 became active participants in the [HBUS](#) Plan beginning on that date.

The HBUS Plan was merged into the plan on December 31, 2004.

A portion of the assets of the former Marine Midland Retirement Plan were transferred to the trustee of the HBUS Plan to provide benefits for active participants. In accordance with government guidelines, each employee who was an active participant in the former Marine Midland Retirement Plan on September 3, 1985 and who became an active participant in the HBUS Plan on September 3, 1985, was granted full vesting in his or her benefits accrued through September 3, 1985. The [Equitable Annuity](#) was purchased from the Equitable Life Assurance Society of the United States ("Equitable") to pay these benefits.

The plan provides full credit for prior service recognized under the former Marine Midland Retirement Plan. Therefore, HBUS formula benefits payable under the plan with respect to a participant for whom the Equitable Annuity was purchased will be reduced to reflect the benefit payable under the Equitable Annuity as described below.

Employees who received special vested benefits under the former Marine Midland Retirement Plan and who also qualify to receive benefits under this plan will receive a single benefit under the plan based on their total service, including service before and service after September 3, 1985. The Equitable Annuity pays the portion of the single benefit that was earned under the former Marine Midland Retirement Plan as of September 3, 1985 and the trust fund under the plan pays the remainder of the benefit.

### SPECIAL VESTING

Immediate full vesting was granted to each employee who was an active participant in the former Marine Midland Retirement Plan on September 3, 1985 in benefits earned to that date. Therefore, if the employee terminates employment for any reason before becoming Vested in a benefit under the HBUS Plan, he or she will nonetheless be vested in the benefit accrued to September 3, 1985. The participant will be entitled to receive a deferred vested retirement benefit beginning on his or her Normal Retirement Date in an annual amount equal to a normal retirement benefit calculated under the provisions of the former Marine Midland Retirement Plan as if the employee had terminated service on September 3, 1985. Equitable pays the benefits.

### SPECIAL SPOUSE'S BENEFIT

If a participant, granted full vesting as described above, dies before becoming Vested in his or her HBUS Plan benefit and before payment of the special vested benefit has begun, and if the participant is survived by a spouse who had been married to the participant for at least one year, Equitable will pay a spouse's benefit. Payment will begin at the date the participant would have attained his or her Normal Retirement Date, and will be made in an amount equal to 50% of the benefit the participant would have received from Equitable if he or she had lived to Normal Retirement Date and retired on that date with a [50% Joint and Survivor Annuity](#) in effect and the spouse as beneficiary.



## ADJUSTMENT FOR EQUITABLE BENEFITS

The [Equitable Annuity](#) provides a minimum vested benefit and a minimum spouse's benefit to each person who participated in the former Marine Midland Retirement Plan on September 3, 1985 and who became an active participant in the [HBUS](#) Plan on that date. The Equitable benefit will be payable even if a benefit becomes payable under the HBUS formula of the plan (which is the successor by merger of the HBUS Plan). If you qualify for a retirement benefit or deferred vested benefit (and related spouse's benefit) under the HBUS formula of the plan, your retirement benefit, deferred vested benefit, or spouse's benefit will first be calculated under the HBUS formula of the plan.

The calculation will include [Benefit Service](#) that was earned before September 3, 1985 and included in the benefit payable under the Equitable Annuity. The HBUS formula benefit, computed in this manner, will then be reduced by the benefit payable by Equitable so that you will receive from Equitable and from the plan a total amount equal to the benefit you earned under the terms of the plan, without duplication of benefits. If for any reason benefits become payable by Equitable at a different time, or under a different optional form, than benefits payable to you under the plan, your plan benefit will be actuarially reduced to reflect the value of the benefits provided by the Equitable Annuity. There may not necessarily be a direct dollar-for-dollar reduction.

Under current practice; a retiree receives a single check from the [Plan Trustee](#) that includes payment of the Equitable benefit as well as the HBUS formula benefit.



## **SPECIAL RULES FOR PARTICIPANTS IN PLANS THAT MERGED INTO THE HBUS PLAN**

This section of the SPD describes special rules that apply to participants in the HBUS section of the plan who participated in another defined benefit pension plan that was merged into the HBUS Plan. If you never participated in a pension plan that was merged into the HBUS Plan, this section does not apply to you.

This section refers to Merged Plans merging into the “HBUS Plan”. It is important to remember that the HBUS Plan no longer exists as a separate “plan” because the HBUS Plan merged into the plan on December 31, 2004. The term “HBUS Plan” is used in this section of the SPD to refer to the HBUS Plan *as a separate plan before January 1, 2005* and to the HBUS section of the plan *as a part of the plan after December 31, 2004*.

The mergers of other pension plans into the HBUS Plan involve complicated transition rules that are given only a brief treatment in this section of the SPD. The intention of these transition rules is to preserve benefits earned under the Merged Plans and to avoid double benefits under the Merged Plan and the HBUS Plan for the same period of service.

### **ADDITIONAL TERMS YOU SHOULD KNOW**

This section of the SPD uses special terms that are not used elsewhere in this SPD:

#### **ALL-SERVICE HBUS PLAN BENEFIT**

An “All-Service HBUS Plan Benefit” is a benefit calculated under the HBUS Plan benefit formula that takes into account both your service as an employee of the sponsor of the Merged Plan before the merger of that plan into the HBUS Plan, as well as your service (as of December 31, 2010, or the date your employment ends, if sooner) as an employee of HSBC Bank (or its Affiliate) after the merger of the Merged Plan into the HBUS Plan.

For example, if you were hired by Republic National Bank on January 1, 1981 and you terminated employment on December 31, 2010, you would have an All-Service HBUS Plan Benefit based on 30 years of service—19.5 years earned before the July 1, 2000 merger of the Republic Plan into the HBUS Plan, and 10.5 years earned after the merger.

#### **FROZEN MERGED PLAN BENEFIT**

A “Frozen Merged Plan Benefit” is a benefit calculated under a Merged Plan benefit formula that takes into account only service and pay earned up to the date of the merger of the Merged Plan into the HBUS Plan (or earlier date when benefit accruals under the Merged Plan were discontinued by amendment of the Merged Plan).

For example, if you were hired by Republic National Bank on January 1, 1981 and you terminated employment with HSBC Bank on December 31, 2010, you would have a Frozen Republic Plan Benefit based on your service from January 1, 1981 until July 1, 2000 (when the Republic Plan was merged into the HBUS Plan). You would not receive this Frozen Republic Plan Benefit if your All-Service HBUS Plan Benefit were larger.





## MERGED PLAN

A “Merged Plan” is a pension plan that merged into the HBUS Plan.

Merged Plans may be referred to by their individual names in this section—the Grace Plan or Westchester Plan or Midland Montagu Plan or Hongkong Bank Plan, or First Federal Plan, or Republic Plan, as applicable.

## MERGED PLAN BENEFIT

A “Merged Plan Benefit” is the benefit earned under a Merged Plan. Usually this benefit is determined as a frozen benefit, that is, as if you terminated employment on the date of merger of the Merged Plan into the [HBUS](#) Plan. Sometimes the Merged Plan Benefit may be referred to as the Westchester Plan Benefit or Midland Montagu Benefit or Hongkong Bank Plan Benefit or First Federal Benefit, or Republic National HBUS Plan Benefit, as applicable.

## NET HBUS PLAN BENEFIT

Refers to the portion of your Total Benefit that exceeds your Merged Plan Benefit, that is, the amount of your All-Service HBUS Plan Benefit that exceeds the actuarial value of your Merged Plan Benefit.

## TOTAL BENEFIT

Refers to the total benefit payable to you under the HBUS formula of the plan, including any benefit attributable to the Merged Plan. Your “Total Benefit” does not include any Cash Balance benefit earned by you as an active participant in the Cash Balance formula of the plan in 2011 or 2012.

## GENERAL RULES CONCERNING MERGED PLANS

Most of this section of the SPD describes rules applicable to participants in specific Merged Plans, i.e., the Grace Plan, the Westchester Plan, the Midland Montagu Plan, the Hongkong Bank Plan, the First Federal Plan and the Republic National Bank Plan. If you were a participant in a Merged Plan, and no special rules are described in this section concerning your Merged Plan, you should contact the [HSBC Benefits Center](#) to learn what special rules, if any, apply in calculating your Total Benefit.

Some general rules apply to all Merged Plans.

**Protection of Accrued Benefit:** First, the benefit you earned in the Merged Plan (your Merged Plan Benefit) cannot be reduced. Therefore, your Total Benefit under the HBUS formula of the plan will always be as large as your Merged Plan Benefit. Also, if your Merged Plan Benefit is calculated by taking into account your rights under a third pension plan that was merged into or amended to become the Merged Plan, then your Merged Plan Benefit will reflect those additional rights. For example, the rights of a former participant in the Midland Montagu Plan could include additional rights under the Midland Bank plc United States Branches’ Pension Plan.

**Protection of Optional Forms of Distribution:** Second, any benefit distribution option that was available to you under the Merged Plan is available to you under the HBUS section of the plan, but only with respect to your Merged Plan Benefit. For example, some Merged Plans permit payment of some or all of the Merged Plan Benefit in the form of a lump sum. This form of payment would remain available to you even though it is not generally available under the HBUS formula of the plan. If the portion of your Total Benefit attributable to the Merged Plan is paid in a form available under the Merged Plan, then the rules in the Merged Plan will be used to determine when and how this portion of your Total Benefit is paid. The plan rules, including the HBUS Plan actuarial assumptions, will always be used to determine when and how your Net HBUS Plan Benefit is paid (that is, your Total Benefit reduced by your Merged Plan Benefit).





**Grants of Prior Service:** Third, certain former participants in Merged Plans have been granted prior Benefit Service, Vesting Service and Early Retirement Service under the [HBUS Plan](#), that is, their service with the sponsoring employer of the Merged Plan is treated as service with [HSBC Bank](#). These participants include certain former participants in the Westchester Plan, the Hongkong Bank Plan, the Midland Montagu Plan, the First Federal Plan, the Republic Plan and some former participants in the Grace Plan. If you are unsure whether you have been granted prior service under the HBUS Plan, check with the [HSBC Benefits Center](#).

If you are granted prior Benefit Service under the HBUS Plan, your All-Service HBUS Plan Benefit will be calculated as if you had been an employee of HSBC Bank during the years when you were an employee of the sponsor of the Merged Plan. The HBUS Plan rules will be used to determine when you would have become a participant in the HBUS Plan and to determine how much service you will be deemed to have earned under the HBUS Plan prior to the merger.

If you are granted prior Benefit Service under the HBUS Plan, your All-Service HBUS Plan Benefit will normally be offset (reduced) by the amount of benefit you are entitled to under the Merged Plan. Therefore, your Total Benefit will be the sum of your Merged Plan Benefit and your Net HBUS Plan Benefit.

**Persons Who Never Became Active Participants in the HBUS Plan:** If you participated in a Merged Plan but did not become an [HSBC](#) employee as a result of the acquisition of the sponsor of the Merged Plan by HSBC, you did not become an active participant in the HBUS Plan. In that case, your Merged Plan Benefit will be paid from the plan but at the time and in the manner determined under the rules of the Merged Plan which are described in the most recent summary plan description for the Merged Plan. The rules described in this section of the SPD generally do not apply to you.

## SUMMARY PLAN DESCRIPTIONS OF MERGED PLANS

You should save a copy of the summary plan description of the Merged Plan in which you participated. It has details concerning the calculation of your Merged Plan Benefit that are not included in this SPD. If you do not have a summary plan description of the Merged Plan, you can obtain one from the HSBC Benefits Center.

## GRACE NATIONAL BANK RETIREMENT PLAN

HSBC Bank (then known as Marine Midland Bank) acquired Grace National Bank in 1965. At that time, Grace National Bank employees participated in the W.R. Grace & Co. Retirement Plan for Salaried Employees (the "Grace Plan"). Employee contributions made under the Grace Plan were transferred to the former Marine Midland Retirement Plan and employees who made those contributions have special rights.

Benefit Service was granted under the HBUS Plan for service earned under the Grace Plan but only to those former Grace employees who participated in the Grace Plan. The Grace Plan required employee contributions, and those employees who choose not to contribute did not receive Benefit Service under the former Marine Midland Retirement Plan.

## EMPLOYEE CONTRIBUTIONS

If you are a former participant in the Grace Plan, you are automatically fully vested in the amount of your accumulated employee contributions plus interest and you or your beneficiary are assured of receiving minimum HBUS Plan benefits at least equal to that amount. The minimum benefits are paid under the Equitable Annuity discussed earlier in this document.



At retirement or other termination of employment, you may elect to withdraw your accumulated contributions plus interest, and receive a lesser benefit under the HBUS formula of the plan. The HBUS Plan benefit is reduced by the actuarial value of the monies withdrawn. The adjustment will be made under the Equitable Annuity.

If you return to work after terminating employment, your benefits under the reemployment rules will be reduced if you withdrew your accumulated contributions when you first left. When you retire or terminate again, your benefits will be reduced by the actuarial value of the withdrawn monies unless you repay them with interest.

If you participated in the Grace Plan, you may obtain additional information about the special provisions applicable to you by contacting the [HSBC Benefits Center](#).

## WESTCHESTER FINANCIAL SERVICES CORPORATION RETIREMENT PLAN

[HSBC Bank](#) acquired Westchester Financial Services Corporation (“Westchester”) and its Affiliates on September 28, 1986. At that time, Westchester sponsored the Westchester Financial Services Corporation Retirement Plan with the New York State Bankers’ Retirement System (the “Westchester Plan”), a defined benefit pension plan, for the benefit of its employees. Benefit accruals under the Westchester Plan were discontinued after October 12, 1986, and the Westchester Plan was merged into the [HBUS](#) Plan on December 30, 1988.

Employees of Westchester and its Affiliates who became employees of HSBC Bank on September 28, 1986 as a result of the acquisition of Westchester by HSBC Bank became participants in the HBUS Plan on October 12, 1986 (or on the first July 1 or January 1 after that date when the employee had satisfied the age and service requirements for participation in the HBUS Plan). These employees were granted full vesting in their Westchester Plan benefits on October 12, 1986. They are eligible to receive a Frozen Westchester Plan Benefit determined as of October 12, 1986 or an All-Service HBUS Plan Benefit, whichever is greater.

This section of the SPD describes the treatment of former Westchester Plan participants who became active participants in the HBUS Plan as a result of the acquisition of Westchester by HSBC Bank. The treatment of other former Westchester Plan participants is described in the Westchester Plan summary plan description.

### TOTAL BENEFIT OF FORMER WESTCHESTER PLAN PARTICIPANTS

The Total Benefit payable under the HBUS Plan to a former participant in the Westchester Plan, who is eligible for an All-Service HBUS Plan Benefit, is made up of two parts:

- The first part is the benefit earned by you under the Westchester Plan as of October 12, 1986 (your “Frozen Westchester Plan Benefit”).
- The second part is the All-Service HBUS Plan Benefit earned by you under the HBUS Plan on the basis of your service with Westchester as well as your later service with HSBC, offset (reduced) by the Actuarial Equivalent value of your Frozen Westchester Plan Benefit (your “Net HBUS Plan Benefit”).

You should consult your Westchester Plan summary plan description or contact the HSBC Benefits Center for details concerning the calculation of your Westchester Plan benefit.



## PAYMENT OF TOTAL BENEFIT

If your Total Benefit is calculated as an All Service HBUS Plan Benefit, then your Total Benefit will be split into two parts:

- The first part is your Frozen Westchester Plan Benefit. This portion of your Total Benefit will be paid at a time and in a form of payment determined under the Westchester Plan rules described below.
- The second part is your Net HBUS Plan Benefit. This portion of your Total Benefit will be paid at a time and in a form of payment determined under the HBUS section rules described in earlier sections of this SPD.

If your Total Benefit is calculated as a Frozen Westchester Plan Benefit, it will be paid at a time and in a form of payment determined under the Westchester Plan rules described below.

## WHEN WESTCHESTER PLAN BENEFITS ARE PAID

Your Westchester Plan benefit will be paid at a time determined under the Westchester Plan rules. These rules include the following:

- **Payment On Or After Normal Retirement Date:** Your Westchester normal retirement date is the first day of the month coincident or next following the date you attain your Westchester normal retirement age. Your Westchester normal retirement age is the earlier of age 65 or the date you have both attained age 62 and earned 10 years of service.

Your Westchester Plan benefit is payable beginning on your Westchester normal retirement date. However, if you remain an HSBC employee, you can defer payment of your Westchester Plan benefit until your postponed retirement date. See [If You Work Past Normal Retirement Age](#) beginning on page 19.

- **Payment Before Normal Retirement Date:** If you terminate employment before your Westchester normal retirement date, you may elect to receive your Westchester Plan benefit (provided it is Vested) at any time after reaching age 55, even though you terminate employment before age 55. Westchester Plan benefits paid before your Westchester normal retirement date are reduced by 0.25% per month for each month by which payments begin before your Westchester normal retirement date.

## HOW WESTCHESTER PLAN BENEFITS ARE PAID

If you are married, your Westchester Plan benefit will be paid in the form of a 50% Joint and Survivor Annuity unless you elect an optional form. If you are not married, your Westchester Plan benefit will be paid in the form of a Life Annuity with 60 Months Certain unless you elect an optional form.

You can elect to have your Westchester Plan paid under any one of the following optional forms subject to the spousal consent rule if you are married (see [How Benefits Are Paid](#) beginning on page 26):

- **Life Annuity:** You receive an actuarially increased benefit for your lifetime. No benefit is paid after you die.
- **Life Annuity with 60 Months Certain:** You receive a monthly benefit for your lifetime. If you die before 60 monthly payments have been made, payments continue to your designated beneficiary until 60 payments have been made. If both you and your beneficiary die before 60 monthly payments have been made, the present value of the remaining payments will be paid to the estate of you or your beneficiary, whoever died last.



- **Joint and Survivor Annuity with 60 Months Certain:** You receive a reduced monthly benefit for your lifetime and after you die your spouse or other beneficiary receives 50%, 75% or 100% (your choice) of that amount for life. If both you and your beneficiary die before 60 monthly payments have been made, the present value of the remaining payments will be paid to the estate of you or your beneficiary, whoever died last.
- **100% Joint and Survivor Annuity with “Pop-up” Feature:** You receive a reduced monthly benefit for your lifetime and after you die your spouse or other beneficiary receives the same amount for life. If your beneficiary dies before you, the benefit changes to a Life Annuity with 60 Months Certain (as described above).
- **50% Joint and Survivor Annuity with “Pop-up” Feature:** You receive a reduced monthly benefit for your lifetime and after you die your spouse or other beneficiary receives one-half of that amount for life. If your beneficiary dies before you, the benefit changes to a Life Annuity with 60 Months Certain (as described above).

Participants who die when they are [HSBC](#) employees may qualify for a spouse's benefit under the Westchester Plan which is calculated differently than the HBUS Plan spouse's benefit.

## HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED PENSION PLAN FOR USA EMPLOYEES

The Hongkong and Shanghai Banking Corporation Limited and certain related corporations that were participating employers under The Hongkong and Shanghai Banking Corporation Limited Pension Plan for U.S.A. Employees (the “Hongkong Bank Plan”) became Affiliates of [HSBC Bank](#) as a result of the acquisition of HSBC Bank by HSBC in 1987. These corporations allowed their employees to continue earning benefits under the Hongkong Bank Plan through 1996. Benefit accruals under the Hongkong Bank Plan were discontinued on December 31, 1996 and the Hongkong Bank Plan was merged into the [HBUS](#) Plan on that date.

Active employees of Hongkong Bank who were eligible to participate in the Hongkong Bank Plan on December 31, 1996 became participants in the HBUS Plan on January 1, 1997 (or on the first July 1 or January 1 after that date when the employee had satisfied the age and service requirements for participation in the HBUS Plan). “Grandfathered” employees are eligible to receive an All-Service HBUS Plan Benefit or an all-service Hongkong Bank Plan benefit, whichever is greater. Other employees are eligible to receive the greater of a Frozen Hongkong Plan Benefit determined as of December 31, 1996 or an All-Service HBUS Plan Benefit, whichever is greater. Both the All-service HBUS Plan benefit and the All-service Hongkong Plan benefit end at the earlier of your termination of employment with [HSBC](#) or December 31, 2010.

This section of the SPD describes the treatment of former Hongkong Bank Plan participants who became active participants in the HBUS Plan because they were HSBC employees on January 1, 1997. The treatment of other former Hongkong Bank Plan participants is described in the most recent summary plan description for the Hongkong Bank Plan.

### TOTAL BENEFIT OF FORMER HONGKONG BANK PLAN PARTICIPANTS.

The Total Benefit payable under the HBUS Plan to a former participant in the Hongkong Bank Plan, who is eligible for an All-Service HBUS Plan Benefit, depends on whether the former participant is “grandfathered.”



A former participant in the Hongkong Bank Plan is “grandfathered” if the participant was hired by Hongkong Bank after reaching age 35 or if the participant had earned at least 10 years of service under the Hongkong Bank Plan rules before January 1, 1997. (However, if you were a Treasury staff employee transferred from HSBC Bank to Hongkong Bank in January of 1990 or 1992, you are not “grandfathered”.)

A former participant in the Hongkong Bank Plan is not “grandfathered” if the participant is not described in the preceding paragraph.

### **TOTAL BENEFIT OF “GRANDFATHERED” PARTICIPANTS**

The Total Benefit payable under the HBUS formula of the plan to a “grandfathered” participant is the greater of:

- An all-service benefit calculated under the Hongkong Bank Plan benefit formula taking into account service with HSBC both before and after the merger of the Hongkong Bank Plan into the HBUS Plan (an “All-Service Hongkong Bank Plan Benefit”), or
- An all-service benefit calculated under the HBUS Plan benefit formula (the formula for service after 1988) taking into account service with HSBC both before and after the merger of the Hongkong Bank Plan into the HBUS Plan (an “All-Service HBUS Plan Benefit”).

### **TOTAL BENEFIT OF PARTICIPANTS WHO WERE NOT “GRANDFATHERED.”**

The Total Benefit payable under the [HBUS](#) Plan to former Hongkong Bank Plan participants who are not “grandfathered” is the greater of:

- A frozen benefit calculated under the Hongkong Bank Plan benefit formula taking into account only service with HSBC before the merger of the Hongkong Bank Plan into the HBUS Plan (a “Frozen Hongkong Bank Benefit”), or
- An all-service benefit calculated under the HBUS Plan benefit formula (the formula for service after 1988) taking into account service with [HSBC](#) both before and after the merger of the Hongkong Bank Plan into the HBUS Plan (an “All-Service HBUS Plan Benefit”).

You should consult your Hongkong Bank Plan summary plan description or contact the [HSBC Benefits Center](#) for details concerning the calculation of your Hongkong Bank Plan benefit.

### **PAYMENT OF TOTAL BENEFIT**

If your Total Benefit is calculated as an All-Service Hongkong Bank Plan Benefit, then your benefit must be paid at a time and in a form determined under the Hongkong Bank Plan rules described below.

If your Total Benefit is calculated as an All-Service HBUS Plan Benefit, then you can elect either:

- To have your entire Total Benefit paid at a time and in a form determined under the determined under the HBUS section rules described in earlier sections of this SPD, or
- To split your Total Benefit into two parts:
  - (1) The first part is your Frozen Hongkong Bank Plan Benefit. This portion of your Total Benefit will be paid at a time and in a form of payment determined under the Hongkong Bank Plan rules described below.
  - (2) The second part is your Net HBUS Plan Benefit. It is your All-Service HBUS Plan Benefit reduced by the Actuarial Equivalent value of your Frozen Hongkong Bank Plan Benefit. This portion of your Total Benefit will be paid at a time and in a form of payment determined under the HBUS section rules described in earlier sections of this SPD.



## WHEN HONGKONG BANK PLAN BENEFITS ARE PAID

Your Hongkong Bank Plan benefit will be paid at a time determined under the Hongkong Bank Plan rules. These rules include the following:

- **Payment On Or After Normal Retirement Date:** Your Hongkong Bank normal retirement date is the first day of the month coincident or next following the date you attain your Hongkong Bank normal retirement age. Your Hongkong Bank normal retirement age is the later of age 60 or the earlier of (1) the fourth anniversary of participation in the Hongkong Bank Plan or (2) the date on which you complete five years of Vesting Service.

Your Hongkong Bank Plan benefit is payable beginning on your Hongkong Bank normal retirement date. However, if you remain an HSBC employee after that date, you can defer payment of your Hongkong Bank Plan benefit until your postponed retirement date. See [If You Work Past Normal Retirement Age](#) beginning on page 19.

Also, you are permitted to defer commencement of your Hongkong Bank Plan benefit until the first day of any month after your Hongkong Bank normal retirement date and on or before your HBUS Plan Normal Retirement Date even if you have terminated employment. In that event, your Hongkong Bank Plan benefit will be actuarially adjusted to reflect commencement after your Hongkong Bank normal retirement date.

- **Payment Before Normal Retirement Date:** If you terminate employment before your Hongkong Bank normal retirement date, but after completing 10 years of service, you may elect to receive your Hongkong Bank Plan benefit at any time after reaching age 55, even though you terminate employment before age 55. Hongkong Bank Plan benefits paid before your Hongkong Bank normal retirement date are reduced by 0.50% per month for each month by which payments begin before your Hongkong Bank normal retirement date.
- Participants with less than 10 years of service must wait until their Hongkong Bank normal retirement date to begin receiving their Hongkong Bank Plan benefit.

## HOW HONGKONG BANK PLAN BENEFITS ARE PAID

If you are married, your Hongkong Bank Plan benefit will be paid as a 50% Joint and Survivor Annuity. This annuity pays you a monthly benefit for life that is the same monthly amount you would receive under a Life Annuity. (In other words, the 50% survivor annuity feature of the benefit is fully subsidized.) If you die before your spouse, your spouse will receive a monthly benefit for the rest of his or her life that is 50% of the benefit paid to you. Also, if you die before receiving at least 60 monthly payments, your spouse will receive the same monthly amount you were receiving until 60 payments have been made in total to you and your spouse; after that, your spouse's monthly benefit drops to 50%. If you and your spouse both die before receiving 60 monthly payments, and you are survived by one or more children under the age of 18, your children under age 18 will share the same monthly benefit you were receiving until 60 monthly payments have been made to you, your spouse and your children, or (if sooner) until your children have all reached age 18.

Alternatively, if you are married, you can elect to have your Hongkong Bank Plan benefit paid as a 75% Joint and Survivor Annuity. Under this option you receive a **reduced** monthly benefit for your lifetime and after you die, your surviving spouse receives a monthly benefit equal to 75% of the monthly benefit that you were receiving. (In other words, unlike the 50% Joint and Survivor Annuity, the 75% survivor annuity feature of this benefit option is not subsidized. Also, there is no guarantee that 60 monthly payments will be made at the Life Annuity rate.)

If you are not married, your Hongkong Bank Plan benefit will be paid as a Life Annuity. This annuity pays you a monthly benefit for life and pays no benefit after your death. However, if you die before





receiving 60 monthly payments, and you are survived by one or more children under the age of 18, your children under age 18 will share the same monthly benefit you were receiving until 60 monthly payments have been made in total to you and your children, or (if sooner) until your children have all reached age 18, married or died.

### **DISABILITY RETIREMENT**

If you were continuously absent from work on and after December 31, 1996 on account of a disability, you may be eligible for a Hongkong Bank Plan disability benefit. This benefit is paid beginning at Hongkong Bank Plan normal retirement age but it is based on Benefit Service calculated as if you continued to earn Benefit Service under the Hongkong Bank Plan benefit formula from December 31, 1996 until your normal retirement date. This special Hongkong Bank Plan benefit ceases to accrue if you cease to be disabled before your normal retirement date. However, you are allowed to keep the additional Benefit Service earned up to that point.

If you become disabled after December 31, 1996, you are not eligible for this special disability benefit, but you may become eligible for a disability retirement benefit under the HBUS formula of the plan. See [If You Become Disabled](#) beginning on page 20.

### **PRERETIREMENT SURVIVOR'S BENEFITS**

If you die before your [Annuity Starting Date](#) and are survived by a spouse, your spouse will receive the largest of the following three preretirement survivor benefits for which your spouse is eligible: (1) a [Regular Spouse's Benefit](#) calculated with reference to your All-Service HBUS Plan Benefit, (2) a [Special Spouse's Benefit](#) calculated with reference to your All-Service HBUS Plan Benefit, but only if you and your spouse have been married for at least one year and you have earned at least 10 years of [Early Retirement Service](#) (or have attained age 65), and (3) a Hongkong Bank Plan preretirement spouse's benefit described in the next paragraph but only if you and your spouse have been married for at least one year.

A Hongkong Bank Plan preretirement spouse's benefit is calculated with reference to your Hongkong Bank Plan benefit only. The benefit may be paid beginning when you would have reached earliest retirement age under the Hongkong Bank Plan (age 55 if you have 10 years of service, otherwise, age 60). The benefit is the same monthly payment your spouse would have received if you had begun receiving your Hongkong Bank Plan benefit as a 50% Joint and Survivor Annuity on that date and had died the following day. The first 60 monthly payments to your spouse will be the same as the payments would have been to you. After 60 payments, the monthly payment to your spouse drops to 50% of the amount paid to you. If your spouse dies before receiving 60 monthly payments, and you are survived by one or more children under the age of 18, your children under age 18 will share the same monthly benefit your spouse was eligible to receive until 60 monthly payments have been made in total to your spouse and your children, or (if sooner) until your children have all reached age 18, married or died.

## **MIDLAND MONTAGU, INC. CASH BALANCE RETIREMENT PLAN**

Midland Montagu, Inc. and certain related corporations that were participating employers under the Midland Montagu, Inc. Cash Balance Retirement Plan (the "Midland Montagu Plan") became [Affiliates of HSBC Bank](#) as a result of the acquisition of Midland Bank plc by HSBC in 1992. These corporations allowed their employees to continue earning benefits under the Midland Montagu Plan through 1994. Benefit accruals under the Midland Montagu Plan were discontinued after December 31, 1994 (other than benefit increases due to a "benefit escalator"), and the Midland Montagu Plan was merged into the HBUS Plan on December 31, 1996. Active employees of Midland Bank plc and Affiliates who were participating in the Midland Montagu Plan on



December 31, 1994 are treated as having become participants in the HBUS Plan on January 1, 1995 (or on the first July 1 or January 1 after that date when the employee satisfied the age and service requirements for participation in the HBUS Plan). These employees are eligible to receive a Frozen Midland Montagu Plan Benefit determined as of December 31, 1994 (increased by the “benefit escalator”) or an All-Service HBUS Plan Benefit, whichever is greater.

This section of the SPD describes the treatment of former Midland Montagu Plan participants who became active participants in the HBUS Plan because they were HSBC employees on January 1, 1995. The treatment of other former Midland Montagu Bank Plan participants is described in the Midland Montagu Plan summary plan description.

### **TOTAL BENEFIT OF FORMER MIDLAND MONTAGU PLAN PARTICIPANTS**

The Total Benefit payable under the plan to a former participant in the Midland Montagu Plan, who is eligible for an All-Service [HBUS](#) Plan Benefit, is made up of two parts:

- The first part is the benefit earned by you under the Midland Montagu Plan as of December 31, 1994 but increased by the “benefit escalator” thereafter (your “Frozen Midland Montagu Plan Benefit”).
- The second part is the All-Service HBUS Plan Benefit earned by you under the HBUS Plan on the basis of your service with Midland Montagu before its 1992 acquisition by HSBC as well as your service with HSBC after the acquisition, offset (reduced) by the [Actuarial Equivalent](#) value of your Frozen Midland Montagu Plan Benefit (your “Net HBUS Plan Benefit”).

You should consult your Midland Montagu Plan summary plan description or contact the [HSBC Benefits Center](#) for details concerning the calculation of your Midland Montagu Plan benefit.

### **PAYMENT OF TOTAL BENEFIT**

You must receive your Frozen Midland Montagu Plan Benefit at a time and in a form of payment determined under the Midland Montagu Plan rules described below.

You must receive your Net HBUS Plan Benefit at a time and in a form of payment determined under the general rules of the HBUS section of the plan described earlier in this SPD. However, the available forms of payment of your Net HBUS Plan Benefit may be limited depending on the form in which you elect to receive your Frozen Midland Montagu Plan Benefit.

- If you are married and you receive your Frozen Midland Montagu Plan Benefit in the form of an annuity, you must receive your Net HBUS Plan Benefit either as a 50% Joint and Survivor Annuity with your spouse as the beneficiary or as an optional form available under the HBUS Plan that is most similar to the form in which your Midland Montagu Plan benefit is paid (but with any designated beneficiary).
- If you are not married and you receive your Frozen Midland Montagu Plan Benefit in the form of an annuity, you must receive your Net HBUS Plan Benefit either as a Life Annuity or in the optional form available under the HBUS Plan that is most similar to the form in which your Midland Montagu Plan benefit is paid.





- If you elect to receive your Frozen Midland Montagu Plan Benefit in the form of a Single Lump Sum Payment, you may receive your Net HBUS Plan Benefit in any optional form available under the plan.
- If you elect to receive your Midland Montagu Plan benefit in the form of Single Lump Sum and the actuarial value of your Net HBUS Plan Benefit is \$5,000 or less, you may elect to receive your HBUS Plan benefit in the form of a lump sum as well.

### WHEN MIDLAND MONTAGU PLAN BENEFITS ARE PAID

Your Midland Montagu Plan benefit will be paid at a time determined under the Midland Montagu Plan rules. These rules include the following:

- **Payment On Or After Normal Retirement Date:** Your Midland Montagu Plan normal retirement date is the same as your [Normal Retirement Date](#) under the HBUS section of the plan.
- Your Midland Montagu Plan benefit is payable beginning on your Normal Retirement Date. However, if you remain an HSBC employee after that date, you can defer payment of your Midland Montagu Plan benefit until your postponed retirement date. See [If You Work Past Normal Retirement Age](#) beginning on page 19.
- **Payment Before Normal Retirement Date:** You can elect to receive your Vested Midland Montagu Plan benefit as soon as you terminate employment with [HSBC](#).

If you elect to receive your Midland Montagu Plan benefit as a Single Lump Sum Payment, your benefit will be equal to your account balance under the Midland Montagu Plan on the date of payment.

If you elect to receive your Midland Montagu Plan benefit in the form of an annuity, your benefit will be equal to (1) your account balance under the Midland Montagu Plan on your date of termination, (2) projected with interest to your Midland Montagu normal retirement date, (3) converted to an annuity on your Midland Montagu normal retirement date, and (4) reduced to reflect the commencement of payments before your [Normal Retirement Date](#). The amount of reduction in (4) depends on whether you attain age 55 and complete 10 years of [Early Retirement Service](#) before terminating employment.

If you attain age 55 and complete 10 years of Early Retirement Service before terminating employment, the reduction in (4) will be 0.4% for each month by which your [Annuity Starting Date](#) precedes your Normal Retirement Date.

If you do not attain age 55 and complete 10 years of Early Retirement Service before terminating employment, the reduction in (4) will be an amount such that the benefit payable on your Annuity Starting Date is the [Actuarial Equivalent](#) of the same annuity payable beginning on your Normal Retirement Date.

### HOW MIDLAND MONTAGU PLAN BENEFITS ARE PAID

If you are married, your Midland Montagu Plan benefit will be paid in the form of a 50% Joint and Survivor Annuity unless you elect an optional form. If you are not married, your Midland Montagu Plan benefit will be paid in the form of an Escalating Life Annuity (described below) unless you elect an optional form.



You may elect to have your Midland Montagu Plan benefit paid under any one of the following optional forms subject to the spousal consent rule if you are married (see [How Benefits Are Paid](#) beginning on page 26):

- **Single Lump Sum Payment.** A single payment equal to your vested Midland Montagu Plan account balance.
- **Escalating Life Annuity.** A monthly annuity that ends with the last monthly payment before your death, and that increases in amount (based on the “benefit escalator”) for each plan year following the plan year in which payments begin. The benefit escalator is the PBGC immediate interest rate in effect for November of the preceding year.
- **Level Life Annuity.** A monthly annuity that ends with the last monthly payment before your death, and that does not increase in amount.
- **50%, 75% or 100% Joint and Survivor Annuity.** A level monthly annuity payable to you for life and, if you are survived by a designated beneficiary, payable to your beneficiary after your death for the beneficiary’s life. The level monthly annuity payable to the beneficiary after your death is 50%, 75% or 100% of the level monthly annuity payable to you, as elected by you.
- **Life Annuity with 120 Months Certain.** A monthly annuity payable in a manner similar to the Life Annuity with 120 Months Certain benefit described earlier in this SPD with respect to the [HBUS](#) Plan (see [Life Annuity with 120 Months Certain](#) beginning on page 27). This optional form of benefit is available only if your Midland Montagu Plan benefit and your Net HBUS Plan Benefit begin on the same date.

If you elect payment of your Midland Montagu Plan benefit in the form of an annuity, the amount of the monthly annuity payment is calculated by (1) projecting your Midland Montagu Plan account balance with interest to your normal retirement date, (2) calculating an initial monthly payment for an Escalating Life Annuity by dividing your (projected) account balance by 220, and (3) converting the Escalating Life Annuity into an [Actuarially Equivalent](#) amount under the form of annuity selected by you. (Step (3) is omitted if you elect an Escalating Life Annuity.)

## DISABILITY RETIREMENT

The accrual of benefits under the Midland Montagu Plan, including disability benefits, was discontinued on December 31, 1994. If you were a disabled participant in the Midland Montagu Plan on that date, your Midland Montagu Plan benefit may reflect benefit service earned through December 31, 1994 under the terms of the Midland Montagu Plan as then in effect. Your Midland Montagu Plan benefit will not reflect benefit service after that date.

## PRERETIREMENT SURVIVOR’S BENEFIT

If you die before your [Annuity Starting Date](#) but after becoming [Vested](#), your spouse or other designated beneficiary will be entitled to receive your entire Midland Montagu Plan benefit, that is, the portion of your All-Service [HBUS](#) Plan Benefit equal to the value of your Frozen Midland Montague Plan Benefit, in the form of a Single Lump Sum Payment or a Level Life Annuity (as described above). Your spouse, if any, will be deemed to be your designated beneficiary for this purpose unless you have attained age 35, designated a different person as your beneficiary, and your spouse has consented to your beneficiary designation. If this benefit becomes payable to your spouse, it will automatically be paid as a Level Life Annuity beginning on the date that your HBUS Plan spouse’s benefit is payable, unless your spouse elects to have the benefit paid at a different time and/or as a lump sum.



In addition, your spouse or designated domestic partner may be eligible for a [Spouse's Preretirement Survivor Benefit](#) (described beginning at page 22) calculated with respect to your Net HBUS Plan Benefit.

## FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF ROCHESTER PENSION TRUST

[HSBC Bank](#) acquired First Federal Savings and Loan Association of Rochester ("First Federal") on February 28, 1997. At that time, First Federal maintained the First Federal Savings and Loan Association of Rochester Pension Trust (the "First Federal Plan"), a defined benefit pension plan, for the benefit its employees. Benefit accruals under the First Federal Plan were discontinued on March 21, 1997, and the First Federal Plan was merged into the HBUS Plan on July 1, 1997.

Employees of First Federal and its Affiliates who were hired by First Federal on or before December 31, 1996 and who became active employees of HSBC on March 1, 1997 as a result of the acquisition of First Federal by HSBC Bank became participants in the HBUS Plan on March 1, 1997 (or on the first July 1 or January 1 after that date when the employee had satisfied the age and service requirements for participation in the HBUS Plan). These employees are eligible to receive a frozen First Federal Plan benefit determined as of March 21, 1997 or an All-Service HBUS Plan Benefit, whichever is greater.

This section of the SPD describes the treatment of former First Federal Plan participants who became active participants in the HBUS Plan as a result of the acquisition of First Federal by HSBC Bank. The treatment of other former First Federal Plan participants is described in the First Federal Plan summary plan description.

### TOTAL BENEFIT OF FORMER FIRST FEDERAL PLAN PARTICIPANTS

The Total Benefit payable under the [HBUS](#) Plan to a former participant in the First Federal Plan, who is eligible for an All-Service HBUS Plan Benefit, is the greater of:

- The frozen benefit calculated under the First Federal Plan benefit formula taking into account only service with First Federal and its Affiliates before March 21, 1997 (a "Frozen First Federal Plan Benefit"), or
- The all-service benefit calculated under the HBUS Plan benefit formula (the formula for service after 1988) taking into account service with First Federal before February 28, 1997, and service with HSBC after February 28, 1997 (an "All-Service HBUS Plan Benefit").

Your First Federal Plan benefit is calculated differently depending on whether you were hired by First Federal on or after October 1, 1979, or before that date.

You should consult your First Federal Plan summary plan description or contact the [HSBC Benefits Center](#) for details concerning the calculation of your First Federal

Plan benefit.

### PAYMENT OF TOTAL BENEFIT

If your Total Benefit is calculated as an All Service HBUS Plan Benefit, then you can elect either:

- To have your Total Benefit paid at a time and in a form of payment determined under the general rules of the HBUS section of the plan described earlier in this SPD, or



- To split your Total Benefit into two parts:
  - (1) The first part is your Frozen First Federal Plan Benefit. This portion of your Total Benefit will be paid at a time and in a form of payment determined under the First Federal Plan rules described below.
  - (2) The second part is your Net HBUS Plan Benefit. It is your All-Service HBUS Plan Benefit reduced by the Actuarial Equivalent value of your Frozen First Federal Plan Benefit. This portion of your Total Benefit will be paid at a time and in a form of payment determined under the HBUS section rules described in earlier sections of this SPD.

If your Total Benefit is calculated as a Frozen First Federal Plan Benefit, it will be paid at a time and in a form of payment determined under the First Federal Plan rules described below.

### WHEN FIRST FEDERAL PLAN BENEFITS ARE PAID

Your First Federal Plan benefit will be paid at a time determined under the First Federal Plan rules. These rules include the following:

- **Payment On Or After Normal Retirement Date:** Your First Federal normal retirement date is the first day of the month after you turn 65, regardless of when you were hired by First Federal.

Your First Federal Plan benefit is payable beginning on your First Federal normal retirement date. However, if you remain an HSBC employee after that date, you can defer payment of your First Federal Plan benefit until your postponed retirement date. See [If You Work Past Normal Retirement Age](#) beginning on page 19.

- **Payment Before Normal Retirement Date:** Your First Federal early retirement date is the first day of the month after you turn 55 and earn at least five years of service. Your early retirement benefit is your First Federal Plan benefit calculated as of your early retirement date and reduced 1/180th for each of the first 60 months, and reduced 1/360th for each additional month, by which your early retirement date precedes your 65th birthday. If you have at least 30 years of service, your early retirement benefit is reduced 1/180th for each of the first 60 months, and reduced 1/360th for each additional month, by which your early retirement date precedes your 62nd birthday.

If you were hired by First Federal before October 1, 1979, the portion of your First Federal Plan early retirement benefit attributable to service before 1989 is reduced 1/180th for each of the first 60 months, and reduced 1/360th for each additional month, by which your early retirement date precedes your 57th birthday, or the date you complete 30 years of service,

if later.

If your employment terminates before you attain age 55 but after you have become [Vested](#), you can receive your First Federal Plan benefit beginning on the first day of any month after you attain age 55. If your benefit payments begin before your normal retirement date, your benefit will be reduced in the same manner as an early retirement benefit.

### HOW FIRST FEDERAL PLAN BENEFITS ARE PAID

The normal form of payment of a First Federal Plan benefit for a participant who is married on his [Annuity Starting Date](#) is a 50% Joint and Survivor Annuity. The normal form of payment for a participant hired before October 1, 1979 who is not married is a Life Annuity with 120 Months Certain. The normal form of payment for a participant hired on or after October 1, 1979 who is not married is a Life Annuity.



You can elect to have your First Federal Plan benefit paid under any one of the following optional forms subject to the spousal consent rule if you are married (see [How Benefits Are Paid](#) beginning on page 26):

- **Life Annuity:** You receive a monthly benefit for your lifetime. No payments are made after your death.
- **Joint and Survivor Annuity:** You receive a reduced monthly benefit for your lifetime. After you die, 50%, 66-2/3%, 75%, or 100% (your choice) of the benefit you were receiving is continued to your beneficiary for the rest of his or her lifetime. The reduction in your monthly benefit will be based on the option you choose and on your age and the age of your beneficiary when payments begin. This benefit option is subject to the [Special Rule for Younger, Non-Spouse Beneficiary](#) described on page 27.
- **Life Annuity with 120 Months Certain:** A Life Annuity with 120 Months Certain provides reduced monthly benefits during your lifetime and also guarantees 120 monthly payments. If you die after receiving 120 monthly payments, no additional payments are made. If you die before you have received 120 monthly payments, your beneficiary will receive the remaining payments. Your beneficiary may elect to receive one lump sum payment equal to the value of the remaining payments instead of monthly benefits.
- **Life Annuity with 240 Months Certain:** A Life Annuity with 240 Months Certain is similar to a Life Annuity with 120 Months Certain except that payments are guaranteed for 20 years instead of 10 years and, consequently, the monthly payment amount is further reduced to reflect the probability that more monthly payments will be made. Under IRS rules, the guaranteed payment period cannot exceed your life expectancy when payments begin unless the beneficiary is your spouse.
- **Social Security Level Benefit:** If you retire before you are eligible to receive social security benefits, you will receive an increased monthly benefit before you begin receiving social security benefits and a lower monthly benefit when social security payments start. This way, your total benefits (from the First Federal Plan and Social Security) are approximately the same throughout your retirement years. Benefits stop at your death.
- **Partial Lump Sum Distribution:** You may elect to receive 25% of your First Federal Plan benefit in one lump sum. You would then decide how you want the remaining 75% of your benefit paid. You may elect any of the preceding payment options.
- **Cash Refund:** If you made employee contributions under the First Federal Plan or another plan merged into the First Federal Plan, you may elect to receive a refund of the greater of: the value of your contributions to the plan (including interest) or the vested value of your benefit due to your contributions. Your First Federal Plan benefit would be reduced by the actuarial value of your cash refund. You may elect any of the payment options mentioned above (except the partial lump sum option) for your remaining benefit.

Prior to the merger of the First Federal Plan into the [HBUS](#) Plan, several plans of other employers were merged into the First Federal Plan as a result of First Federal's acquisition of these employers. If you participated in another plan that was merged into the First Federal, special rules may apply to your First Federal Plan benefits. The [HSBC Benefits Center](#) can explain these rules to you.



## RETIREMENT PLAN OF REPUBLIC NATIONAL BANK OF NEW YORK

[HSBC Bank](#) acquired Republic National Bank of New York (“Republic”) on December 31, 1999. At that time, Republic maintained the Retirement Plan of Republic National Bank of New York (the “Republic Plan”), a defined benefit pension plan, for the benefit of its employees. Benefit accruals under the Republic Plan were discontinued on July 1, 2000 and the Republic Plan was merged into the HBUS Plan on that date.

Employees of Republic and its Affiliates who became employees of [HSBC](#) on January 1, 2000 as a result of the acquisition of Republic by HSBC Bank became eligible to participate in the HBUS Plan beginning on July 1, 2000 (or on the first January 1 or July 1 after that date when the employee had satisfied the age and service requirements for participation in the HBUS Plan). These employees are eligible to receive a Frozen Republic Plan Benefit determined as of July 1, 2000 or an All-Service HBUS Plan Benefit, whichever is greater.

This section of the SPD concerns the treatment of former Republic Plan participants who became active participants in the HBUS Plan as a result of the acquisition of Republic by HSBC Bank. The treatment of other former Republic Plan participants is described in the Republic Plan summary plan description.

### TOTAL BENEFIT OF FORMER REPUBLIC PLAN PARTICIPANTS

The Total Benefit payable under the plan to a former participant in the Republic Plan, who is eligible for an All-Service HBUS Plan Benefit, is the greater of:

- The frozen benefit calculated under the Republic Plan benefit formula taking into account only service with Republic and its Affiliates (including service with HSBC Bank) earned before July 1, 2000 (a “Frozen Republic Plan Benefit”), or
- The all-service benefit calculated under the HBUS Plan benefit formula (the formula for service after 1988) taking into account service with Republic before January 1, 2000 and service with HSBC on and after January 1, 2000 (an “All-Service HBUS Plan Benefit”).

You should consult your Republic Plan summary plan description or contact the HSBC Benefits Center for details concerning the calculation of your Republic Plan benefit.

### PAYMENT OF TOTAL BENEFIT

If your Total Benefit is calculated as an All Service [HBUS](#) Plan Benefit, then you can elect either:

- To have your Total Benefit paid at a time and in a form of payment determined under the general rules of the HBUS section of the plan described earlier in this SPD, or
- To split your Total Benefit into two parts:
  - (1) The first part is your Frozen Republic Plan Benefit. This portion of your Total Benefit will be paid at a time and in a form of payment determined under the Republic Plan rules described below.
  - (2) The second part is your Net HBUS Plan Benefit. It is your All-Service HBUS Plan Benefit reduced by the [Actuarial Equivalent](#) value of your Frozen Republic Plan Benefit. This portion of your Total Benefit will be paid at a time and in a form of payment determined under the HBUS section rules described in earlier sections of this SPD.

If your Total Benefit is calculated as a Frozen Republic Plan Benefit, it will be paid at a time and in a form of payment determined under the Republic Plan rules described below.





## WHEN REPUBLIC PLAN BENEFITS ARE PAID

Your Republic Plan benefit will be paid at a time determined under the Republic Plan rules. These rules include the following:

- **Payment On Or After Normal Retirement Date:** Your Republic Plan normal retirement date is the first day of the month coinciding with or next following the date that you turn 65.

Your Republic Plan benefit is payable beginning on your Republic Bank normal retirement date. However, if you remain an [HSBC](#) employee, you can defer payment of your Republic Plan benefit until your postponed retirement date. See [If You Work Past Normal Retirement Age](#) beginning on page 19.

- **Payment Before Normal Retirement Date:** If you terminate employment before your Republic normal retirement date, you may elect to receive your Republic Plan benefit beginning on the first day of any month after you have completed 30 years of service or beginning on the first day of any month on or after the date you attain age 55 (regardless of whether you terminated employment before age 55) provided you have completed 10 years of service. Your Republic Plan benefit will be actuarially reduced to take into account the period by which your Annuity Starting Date precedes your Republic Plan normal retirement date.

Participants with less than 10 years of service must wait until their Republic normal retirement date to begin receiving their Republic Plan benefit.

## HOW REPUBLIC PLAN BENEFITS ARE PAID

The normal form of payment of a Republic Plan benefit for a participant who is married on his [Annuity Starting Date](#) is a 100% Joint and Survivor Annuity. The normal form of benefit for a participant who is not married is a Life Annuity.

You may elect to have your Republic Plan benefit paid under any one of the following optional forms subject to the spousal consent rule if you are married (see [How Benefits Are Paid](#) beginning on page 26):

- **Life Annuity:** You receive a monthly benefit for your lifetime. No payments are made after your death.
- **Life Annuity with Period Certain:** You receive a monthly benefit for your lifetime. If you die before you receive a total of 60, 120, 180, or 240 monthly payments, as elected by you, the remaining number of payments which you have elected will be paid to your designated beneficiary. If both you and your beneficiary die before the total number of payments have been made, the present value of the remaining payments will be paid to the estate of you or your beneficiary, whoever died last. You may change your beneficiary at any time during the guaranteed payment period. Under IRS rules, the guaranteed payment period cannot exceed your life expectancy when payments begin.
- **Joint and Survivor Annuity:** Under this option you receive a reduced monthly benefit for your lifetime and after you die, your spouse or other beneficiary receives a monthly benefit equal to 50%, 75% or 100% (as elected by you) of the monthly benefit that you were receiving. This benefit option is subject to the [Special Rule for Younger, Non-Spouse Beneficiary](#) described on page 27.

Prior to the merger of the Republic Plan into the [HBUS](#) Plan, several plans of other employers were merged into the Republic Plan as a result of Republic's acquisition of these employers.



If you participated in another plan that was merged into the Republic Plan, special rules may apply to your Republic Plan benefits. The [HSBC Benefits Center](#) can explain these rules to you.

### **DISABILITY RETIREMENT**

If you were disabled on July 1, 2000 as determined by the [Administrative Committee](#), you may be eligible for a Republic Plan disability benefit. This benefit is paid to you on your early or normal retirement date and is based on your service calculated as if you continued to work until your early retirement date (if you elect to begin receiving your disability benefit as of that date) or your normal retirement date. This special benefit ceases to accrue if you die or cease to be disabled prior to the earlier of your early retirement (if you elect an early retirement benefit) or normal retirement date.

If you become disabled after June 30, 2000, you are not eligible for the special disability benefit described in this section, but you may become eligible for a disability retirement benefit under the HBUS formula of the plan.