

Advanced Wealth Management for Amgen Employees

(Should be read in conjunction with our white paper entitled “Wealth Management/ Preparing for Retirement”)

by Jerry Meador, CPA, CFP®, CA Ins Lic. 0B52031

Meador & Associates, Financial Advisors

100 E. Thousand Oaks Blvd., Suite 257

Thousand Oaks, CA 91360

805-496-5474

805-495-1852 Fax

www.mgmcpa.net

We specialize in working with Amgen employees to help them achieve financial independence. We do this by consulting, planning and implementing advanced planning strategies, incorporating Amgen employment benefits where appropriate, to maximize available values, and create and manage wealth. This requires a more in-depth understanding of the Amgen compensation package to advise how to effectively incorporate these packaged benefits within the overall retirement planning process.

How well these benefits are planned for and used in concert with other family resources after retirement will either contribute to greater success or detract from achieving retirement goals and objectives. Some examples of specific questions we have received from and resolved for Amgen staff are as follows:

- How should my portfolio be balanced with my other Amgen assets and 401(k)?
- Should I accept RSUs?
- How am I taxed on this benefit?
- What is my cost basis?
- Should I exercise non-qualified stock options that are exercisable at prices in excess of the market (i.e. “under water”) or should I allow them to lapse?
- How long should I keep my Amgen stock acquired through stock option plans?
- How do I plan for and recapture alternative minimum taxes (AMT) I paid on incentive stock options (ISOs) I exercised in prior years?
- Should I invest in Amgen stock inside my 401(k)?
- How do I invest my 401(k) resources?
- Should I invest in ESPP units first, or should I consider the 401(k) program first?
- I have a will. Will that suffice for my family? Why do I need a Living Trust?
- Should I invest in the Retirement Medical Savings Account? If so, how much should I invest?
- Are these contributions tax deductible?
- Do I have access to the Retirement Medical Savings Account funds for other than qualified health care expenses?
- How do I get access to the Retirement Medical Savings Account funds provided by the Company?
- Will I have access to these funds if I choose not to contribute?
- How will the Retirement Health Access Plan work for me?
- Will this allow me to retire early and retain health care benefits?
- What happens to these benefits if I leave Amgen before I fully retire?
- Are the life insurance and disability benefits offered by Amgen adequate for my needs?

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Below we have articulated some of the more pertinent features in the compensation package that may be available to you at Amgen.

Overview of Amgen Benefits

Amgen provides a comprehensive compensation package as a Total Rewards package. The package provides quality features to assist Amgen staff members in planning and executing a comfortable retirement. The program combines a competitive base pay, numerous bonus opportunities depending on the management level of the employee, competitive health benefits while employed and retiree program features to fill in for gap coverage, educational benefits, childcare assistance, moving allowances, third-party disability benefits, life insurance and a long-term incentive compensation program incorporating restricted stock units vesting over a four year period. Additional programs, including deferred compensation programs and supplemental retirement benefits may also be provided to eligible staff.

Basic Compensation Package

The basic compensation package incorporates a pay plan for your services: salary, performance bonuses, sick and vacation time pay. These funds provide resources to pay for the bulk of your normal lifestyle expenses: food and shelter, education, entertainment, childcare, healthcare, income taxes, etc. How much of these resources should be set aside in savings and the types of savings depends on your age (s) goals and objectives, other resources and sources for wealth accumulation. Amgen provides a number of excellent packaged programs to help you set aside, grow and accumulate savings for use in retirement. Some of these programs are outlined below:

Retirement Savings Plan:

- Participant Elected Contributions
 - 1) Before Tax
 - 2) Roth Elective (not eligible for loans or hardship withdrawals)
 - 3) After Tax
- Company Contributions
 - i) Core (5% of core compensation)
 - ii) Matching (100% of the first 5% of deferral compensation)
- Eligible Rollover Distribution
- Loans (lower of \$50,000, or 50% of accounts under plan)

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Employee Stock Purchase Plan (ESPP):

- Provides staff an opportunity to buy and accumulate Amgen stock at a discount from the market price, usually 5%.

Dependent care flexible spending account:

- Provides up to \$5,000 per employee as a tax free reimbursement of child care expenses to help defray family living expenses, thereby leaving more available for savings.

A *non-qualified deferred compensation benefit* is available to eligible staff members allowing a deferral of compensation to a later date, usually at retirement or earlier severance from the Company. This program will require that only payroll taxes, such as social security and Medicare, be paid on the amount of deferred compensation. The deferred compensation will not be taxable for income tax purposes until it is actually paid out in future periods. The deferred compensation is a notional liability that may not be funded. That places the employee in the position of an unsecured creditor to the Company.

The Company also provides *performance unit stocks and supplemental retirement benefits* for eligible staff members. The supplemental retirement benefits are a notional liability that may not be funded. That places the employee in the position of an unsecured creditor to the Company. However, this differs from deferred compensation in that the amount would not be paid out in the normal course of business as regular salaried compensation. Payments are intended as an additional retirement benefit only.

Long-Term Incentive Programs

Amgen provides long-term incentive (LTI) in the form of a grant of *restricted stock units (RSUs)* designed to align rewards with Amgen’s long-term success. Non-qualified stock options and incentive stock options plans may also continue to be offered to eligible staff members.

RSUs vest 25% per year. Upon vesting, they are converted to Amgen shares that are owned by the employee. At the time the shares vest, the market value of those shares is included in the employees’ ordinary W-2 compensation. Enough of the shares vested and transferred are automatically withheld and sold to pay the income taxes that are withheld from the compensation that is included in the employees’ W-2 compensation. This form of benefit can be thought of as a performance bonus paid in Amgen shares rather than in cash compensation.

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Health Care:

Amgen provides a comprehensive health care package that goes beyond basic benefits while employed to assist employees in retirement. These newly added retirement health care benefits are designed to help cover the gaps and associated costs of coverage that may occur when an employee is unable to access Medicare due to early retirement. The benefits package is summarized below:

- Employee Coverage during employment is competitive;
 1. PPO and HMO medical plans that include medical, prescription drug, vision, dental and access to crises counseling services
 2. Wellness programs
 3. Flexible spending health care plan
- Retiree Medical Savings Accounts (RMSAs)
 1. Contributions up to 50% of base pay, or up to 80% of other cash payments from management incentive plans such as VEP, GMIP, EIP, or commissions paid to salespersons. Contributions by employees are 100% vested. They are after tax contributions, but earnings may be tax free, if used for medical expenses. There are 5 different investment options for these contributions. If not used for medical expenses by employee or a surviving qualified dependent, these funds and any associated earnings are forfeited.
 2. Amgen provides “notional” contribution values and related interest credits each year for employees whether they participate in after tax contributions or not. The notional values are unfunded liabilities of the Company. In order to access these values for reimbursement of eligible medical premiums and other health care related expenses, an employee has to have attained the age of 55 with a minimum of 10 years of service, or age 65 or older, regardless of years of service. A general release of claims for retirees is a legal document that must be signed to obtain these benefits.
- Retiree Health Access Plan (RHAP) – provides a high-deductible health plan that provides medical and prescription drug coverage until Medicare eligibility begins.
Evidence of insurability is not required.

Wealth management requires advanced planning in conjunction with customary investment counseling to complete the planning process for retirement.

We would be happy to meet with you for a discovery meeting to see if we could be of assistance to you. If we find that we are not able to assist you effectively, we will be happy to point you in the right direction.

This White Paper is intended to provide a general overview of some of the benefits and options that may be currently available through Amgen, which may be subject to change. Some or all of these programs may be available to you. You should consult with an experienced advisor before making decisions on your particular situation.

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