

Don't wait for the "Check retirement savings" light to come on.

Enroll today.



BorgWarner Inc. Retirement Savings Plan—Salary (099103)



Don't come up short

When it comes to your retirement savings, you don't want to come up short. That's why BorgWarner offers the BorgWarner Inc. Retirement Savings Plan (RSP). The plan may be the best place for you to save for retirement. It offers savings incentives, tax advantages, and a variety of investment options designed to help you reach your retirement goals.

Review this guide for more information on the plan's features and investment options.

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Let One Step do it for you

You are immediately eligible to participate in the RSP on your first day of employment. Thanks to One Step, the plan's automatic enrollment and savings feature, you don't even have to sign up.

For your convenience, One Step will automatically:

- Enroll you in the plan 60 days after your hire date. Six percent will be deducted from your pay on a pre-tax basis and deposited into the Savings Account of your RSP account.
- Invest your contributions in the Vanguard Target Retirement Trust I with the target date closest to the year in which you will reach age 65.

Investments in Target Retirement Trusts are subject to the risks of their underlying funds. The year in the trust name refers to the approximate year (the target date) when an investor in the trust would retire and leave the workforce. The trust will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. The Income Trust and Income and Growth Trust have fixed investment allocations and are designed for investors who are already retired. An investment in a Target Retirement Trust is not guaranteed at any time, including on or after the target date.

- Increase your contribution rate by two percentage points each April, up to a maximum of 15% of your pay, to help you save more in the future. (**Note:** Automatic contribution increases do not apply to employees who are classified as Highly Compensated Employees, or those in pay grade 16 or higher.)

You can change your contribution rate or investments anytime by contacting Vanguard.

Of course, you can opt out of participating in the plan. But think carefully before you do. Saving and investing are great ways to help you reach your long-term financial goals—and the RSP helps you do both.

Want to start contributing sooner?

You don't need to wait until you are automatically enrolled to start saving in the RSP. You can join the plan and start contributing at any time.

To enroll on your own, go to vanguard.com/enroll or call Vanguard at **800-523-1188**. You can use your plan number: **099103**.

Why now is the best time to enroll

If you're tempted to put off enrolling in the plan, don't. The sooner you start saving, the more opportunity your money will have to grow.

To illustrate, consider the following hypothetical example. An employee earning \$30,000 a year joins the plan right away and invests 12% annually. The employee retires in 20 years with a balance of \$132,428. In contrast, if this same employee postpones joining this plan for five years, the ending balance is only \$83,793.



Example assumes a salary of \$30,000 with annual contributions of 12% and average annual earnings of 6%. It is an illustrative example of a long-term average return on a balanced investment of stocks and bonds. Market returns are not constant and will fluctuate annually.

This is an example only. It doesn't represent a real investment, and the rate of return is not guaranteed. The account balance is before any taxes. It does not reflect the 10% federal penalty tax you may have to pay if you take money out before age 59½. The \$132,428 figure was calculated based on 20 years of investing in the plan; the \$83,793 figure was calculated based on 15 years of plan participation.



For more information about the benefits of joining your plan, visit vanguard.com/joinyourplan.

Plan highlights

This information has been designed to give you a general description of the main features of the BorgWarner Inc. Retirement Savings Plan. To find up-to-date information on your plan's features, log in to your account at vanguard.com/retirementplans.

You can also refer to the Summary Plan Description or contact Vanguard.

Provision	Description
Eligibility	You are immediately eligible to join the plan.
Enrollment	<p>To enroll online, go to vanguard.com/enroll; you can use your plan number (099103). To enroll by phone, call Vanguard at 800-523-1188. Whether enrolling online or by phone, you will be asked the percentage of your pay you want to contribute and how you want to invest your money.</p> <p>If you do not enroll on your own, or if you do not opt out of enrollment, you will be enrolled automatically 60 days after your hire date. If you do not want to be enrolled, you must contact Vanguard to prevent any payroll deductions from occurring.</p>
Beneficiaries	<p>Be sure to name beneficiaries for your account. Properly designating beneficiaries ensures that, when you die, your hard-earned savings are distributed according to your wishes.</p> <p>You can name a beneficiary or update your beneficiary information by logging in to your account at vanguard.com/retirementplans.</p>
Employee contributions	<p>If you are automatically enrolled, your pre-tax contribution rate will be 6% of your pay. Your contributions will be deposited in the Savings Account of your RSP account. If you want to enroll at a different rate, you can contribute from 1% to 70% of your pay on a pre-tax, Roth 401(k) after-tax, or traditional after-tax basis (or a combination of the three). Your maximum contribution rate to the Retiree Health Account is 3%. Your total contributions to the plan cannot exceed 73% of your pay.</p> <p>The IRS also limits contributions. For current IRS limits, visit vanguard.com/contributionlimits.</p> <p>If you contributed to a previous employer's plan this year, be aware that the annual IRS limit applies to the sum of your contributions to all employer plans for this year. You should monitor your contributions to ensure that your total contributions for this year do not exceed the annual IRS limit.</p> <p>If you are age 50 or older, or will reach age 50 by year's end, <i>and</i> you contribute the maximum allowed, you may make catch-up contributions. Catch-up contributions allow you to save above the normal IRS annual limit on a pre-tax or Roth basis. If you are eligible for catch-up contributions and are currently contributing to the plan on a pre-tax or Roth basis, your contributions will automatically be classified as catch-up contributions. If you are only contributing on a traditional after-tax basis, you will not be eligible for catch-up contributions.</p> <p>To help you save more, One Step automatically increases your payroll contribution rate by two percentage points annually in April, or whatever month you choose. These annual increases will continue until your contributions reach 15% of your pay or the annual IRS limit, whichever is less. If you are identified as a Highly Compensated Employee, or are in pay grade 16 or higher, this feature will not be automatically added to your account; however, you can set up automatic increases at any time.</p> <p>You can set up, change, or stop your automatic annual contribution increases at vanguard.com/retirementplans or by speaking with a Vanguard Participant Services associate at 800-523-1188. You cannot access this service through VOICE®.</p>

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Company contributions	<p>BorgWarner will make matching contributions of 100% on the first 3% you contribute on a pre-tax or Roth basis to your Savings Account of the RSP. Please note that the company match does not apply to traditional after-tax contributions. Catch-up contributions are eligible for company match.</p> <p>In addition, after you complete 60 days of employment, BorgWarner will contribute to your Company Retirement Account each pay period based on your years of service and eligible pay as shown in the table below. The first 3% of your Company Retirement Contribution is a Safe Harbor contribution and is vested immediately. Additional company contributions are vested after three years of service. (Note: Refer to the “Vesting” section below for more information on vesting.)</p> <table border="1"> <thead> <tr> <th>Years of service as of January 1</th> <th>Company contribution on compensation up to the Social Security wage base</th> <th>Company contribution on compensation over the Social Security wage base</th> </tr> </thead> <tbody> <tr> <td>Less than or equal to 10 years</td> <td>4%</td> <td>8%</td> </tr> <tr> <td>Over 10 years but less than or equal to 20 years</td> <td>5%</td> <td>10%</td> </tr> <tr> <td>Over 20 years</td> <td>6%</td> <td>11.5%</td> </tr> </tbody> </table>	Years of service as of January 1	Company contribution on compensation up to the Social Security wage base	Company contribution on compensation over the Social Security wage base	Less than or equal to 10 years	4%	8%	Over 10 years but less than or equal to 20 years	5%	10%	Over 20 years	6%	11.5%
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Retiree Health Account (RHA)	<p>The RHA portion of the RSP is a valuable way to help you set aside money—while earning RHA company matching contributions—for medical costs you may incur after you leave BorgWarner. You can contribute 1% to 3% of your eligible pay on a pre-tax basis. The company will contribute \$1 for every \$1 you contribute up to \$500 per year. Your combined pre-tax contributions made to your Savings Account and RHA are subject to IRS limits.</p>												
Roth conversions*	<p>Two options for you to allow for tax diversification. Note: You should weigh any potential future tax benefit against the tax cost of the conversion. We recommend consulting a tax advisor or financial planner before electing a Roth in-plan conversion.</p> <p>Roth in-plan conversions allow you to convert pre-tax and after-tax money already in your account to Roth money within the plan. When you convert pre-tax money to Roth, that money becomes taxable income in the year of the conversion. When you convert after-tax money to Roth, you’ll need to pay taxes just on the earnings.</p> <p>Automatic Roth conversions allow you to automatically convert new traditional after-tax contributions to Roth on the same day you make them. You’ll pay taxes on the contributions themselves because you’re making them on an after-tax basis, but generally there will be no taxable earnings assuming that you don’t already have an after-tax balance in your account.</p>												
Rollovers	<p>If you have money in a former employer’s qualified retirement plan or an IRA, in most cases you can roll it over to the RSP at Vanguard.</p> <p>To initiate a rollover, log in to vanguard.com/retirementplans. If you need assistance, call Vanguard.</p>												
Vesting	<p>Vesting refers to your right of ownership to the money in your account.</p> <p>You are always 100% vested in your own contributions and their earnings and the contributions the company makes to your Safe Harbor Company Retirement Account. You become vested in all other company contributions after three years of service.</p>												
Advice services	<p>Vanguard offers tools and resources that can help you choose your asset allocation:</p> <p>Personal Online Advisor, powered by Edelman Financial Engines. You’ll receive personalized and ongoing investment recommendations and retirement savings projections considering assets inside and outside your retirement plan.</p> <p>Vanguard Managed Account Program, also powered by Edelman Financial Engines. You’ll get professional and personalized investment advice and ongoing account management from Edelman Financial Engines. The service will select your funds, invest your money, and periodically change your asset mix to suit your goals.</p>												

Provision	Description
Managing your account	<p>You can take the following actions anytime by logging in to vanguard.com/retirementplans or calling Vanguard at 800-523-1188:</p> <ul style="list-style-type: none"> • Join the plan. • Stop or change your payroll deductions. • Change how your contributions are invested. • Move money between funds. • Request loans or withdrawals.
Loans	<p>Although the plan is designed for long-term savings, you can borrow from the vested portion of your RSP account (excluding your Company Retirement Account, Savings Company Match, and RHA Company Match). Keep in mind that your paycheck would be reduced to repay the loan with interest, and that you could owe taxes and a 10% federal penalty tax if you fail to repay on time or when you leave BorgWarner Inc.</p> <p>Here are the loan provisions:</p> <ul style="list-style-type: none"> • Minimum amount: \$500. • Maximum amount: 50% of your vested account balance up to \$50,000 (or less if you have had an outstanding loan in the past 12 months). • Maximum outstanding loans: one. • Repayment: up to five years. • Origination fee (per loan): \$50 when applying online or through VOICE; \$100 when applying by phone with personal assistance from a Vanguard associate.
Withdrawals**	<p>You can withdraw money from your account under certain circumstances (subject to plan rules). Keep in mind that withdrawals of pre-tax contributions made by you or the company and related earnings are taxable income subject to a mandatory 20% federal withholding tax. Generally, a 10% federal penalty tax applies to taxable withdrawals taken before age 59½.</p> <p>Non-hardship withdrawals. You can make a withdrawal of traditional after-tax contributions and rollover contributions, plus any earnings.</p> <p>Age 59½ withdrawals. Once you reach age 59½, you can make withdrawals from your entire vested account balance.</p> <p>Hardship withdrawals. You can withdraw money from your account (including Savings and RHA before-tax contributions and rollovers) for a serious financial hardship, including:</p> <ul style="list-style-type: none"> • Purchase of a principal residence. • Unreimbursed medical expenses. • Tuition and fees for postsecondary education. • Prevention of eviction or mortgage foreclosure. • Burial or funeral expenses for a parent, spouse, child, or dependent. • Certain expenses for repairing your principal residence if the expenses qualify as a casualty deduction. <p>Qualified reservist withdrawals. Distributions to members of a reserve unit called to active duty after September 11, 2001, may qualify for special tax treatment.</p>
Distributions**	<p>You are eligible to receive your vested account balance upon retirement, termination of employment, or total and permanent disability.</p>

***Taxes:** When you convert pre-tax money to Roth, you'll owe taxes on the whole amount. When you convert traditional after-tax money, you'll owe taxes on just the earnings. You should talk with a tax advisor before you do this. Later, when you take the Roth money out, you won't owe taxes as long as you meet two conditions. First, you're at least age 59½. Second, you converted the money at least five years earlier. If you take the money out early, you may have to pay income tax and a 10% federal penalty tax. If required by law, Vanguard will withhold some taxes for you.

****Taxes:** Taking money from your retirement account can affect how much you'll have to pay in taxes. You'll owe taxes on pre-tax money. You won't owe taxes on Roth earnings as long as you are age 59½ or older and it's been at least five years since your first Roth contribution. If required by law, Vanguard will withhold some taxes for you. You may need to pay a 10% federal penalty tax if you take money out early.

Connect with Vanguard

Once you are enrolled in the plan, you can access your account, research investments, or make changes in any of these ways:

- **Online.** Log in to your account at vanguard.com/retirementplans. You can use your plan number to register: **099103**.
- **On your mobile device.** Go to vanguard.com/bemobile to download the Vanguard app so you can access your account on the go.
- **By phone.** Call **800-523-1188** to reach Vanguard's 24-hour interactive VOICE Network. You'll need your Social Security number and a personal identification number (PIN) to use VOICE. To create a PIN, follow the prompts when you call. Or you can speak with a Vanguard Participant Services associate Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time.



Questions?

Call a Vanguard Participant Services associate at **800-523-1188** Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time.

Connect with Vanguard®

vanguard.com/retirementplans > 800-523-1188

Whenever you invest, there's a chance you could lose the money.

Vanguard Target Retirement Trusts are collective trusts, not mutual funds. This type of investment is offered only in retirement plans like yours. Before you invest, get the details. Know and carefully consider the objective, risks, charges, and expenses. Vanguard Fiduciary Trust Company manages the Vanguard collective trusts.

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