



Look inside for
step-by-step guidance.

YOUR Retirement-Ready ROADMAP

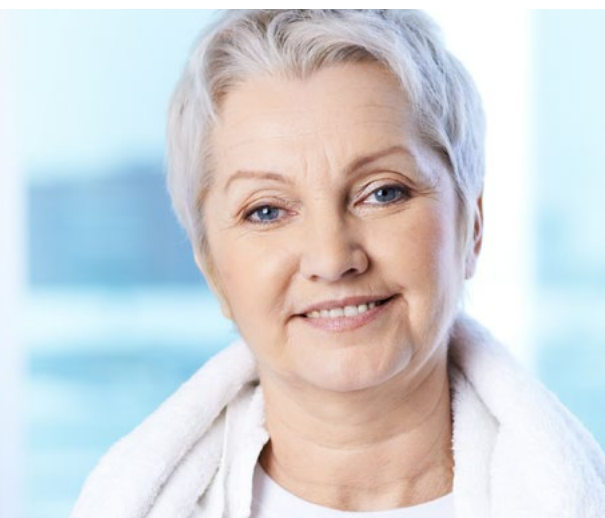
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Define Your Retirement Picture—and Develop a Plan to Realize It

Getting Started



Retirement Is a Major Milestone

Grainger is committed to rewarding your role in our shared success and helping you build your Financial Future. As part of that commitment, we offer three key retirement benefits (each is subject to its own specific eligibility rules):

- Profit Sharing Plan (with 401(k) feature)*
- Retiree Health Benefits (hired before 1/1/13)
- Retirement Recognition

If you are preparing to retire, it's important that you understand the benefits available to you so you can plan accordingly. This guide highlights the tools and resources available to you—both through Grainger and elsewhere—to help you achieve your retirement goals.

*If you are a team member of Zoro, you can only participate in a 401(k). You are not eligible to participate in the Profit Sharing Plan.

Your Retirement-Ready Checklist

Getting ready to retire? Use this checklist to ensure you understand your options and the steps you need to take.

- Define your retirement picture—and develop a plan to realize it.** What will typical day-to-day life look like? How much would it cost to live this lifestyle? What are your anticipated health care expenses? On average, a 65-year-old man would need to budget \$64,000 for lifetime health care expenses in order to have a 50 percent chance of covering them (excluding long-term care). A 65-year-old woman with the same goal would need \$83,000.*
- Determine your expected retirement income.** Consider all sources of retirement income available, which may include:
 - » Grainger Profit Sharing Plan funds (including any funds you have contributed via the 401(k) feature)—see page 3 for guidance and resources
 - » Health savings account (HSA) funds
 - » Monthly income from Social Security (see page 7)
 - » Income from part-time work
 - » Any other assets, such as a regular or Roth IRA or individual 401(k)
- Create a plan to make your money last. Use Vanguard's Retirement Income Calculator to determine how much income you will need in retirement and whether you are on track. To access the tool:**
 - » Visit vanguard.com/retirementpaycheck.
- Explore your retiree-eligible health benefits options.** See page 4 for more information.
- Understand the additional benefits that may be available to you if you qualify for Retirement Recognition.** See page 6 for guidance and resources.
- Create your “my Social Security” account online.** Registration is quick, secure and easy. Log on to www.ssa.gov and click on the “my Social Security” icon at the bottom left of the page.
- Contact the Social Security Administration.** You can chat one-on-one with a representative about the benefits you are eligible for and when you should apply. You can receive benefits as early as age 62. See page 7 for contact information.
- Know your Medicare eligibility date and when you should apply.** To be eligible, you must be at least age 65 or have your disability status confirmed by Medicare. Be sure to enroll at the right time, or you could be assessed a hefty penalty. See page 7 for more details.

*Source: Employee Benefit Research Institute Notes, October 2014.

Profit Sharing Plan

Eligibility*

If you are a regular, full-time or regular, part-time team member, you are eligible for retirement under Grainger's Profit Sharing Plan after you meet one of the following conditions:

- You reach age 60
- You reach age 55 with 20 years of vesting service**
- You complete 25 years of vesting service**

Benefit

Upon retirement, you are eligible to receive a distribution of your account balance.

Next Steps

Vanguard will send you an information kit in the mail advising you of your account balance and the distribution options available:

- If your account balance is \$1,000 or over, you can:
 - » Leave the funds in the plan until age 70 ½ before mandatory disbursements (per IRS rules)
 - » Take a single lump sum distribution***
 - » Roll over to an IRA or another company's plan
 - » Take periodic installments
 - » Or any combination of the above
- If your account balance is under \$1,000, you can:
 - » Take a lump-sum distribution*** or
 - » Choose direct rollover

Support

The Profit Sharing Plan is administered by Vanguard, which will be your first point of contact for questions and guidance. Vanguard can help you manage your account and understand your investment and distribution options when you retire. There are three easy ways to connect with Vanguard:

- **Online.** Log on to your account at **vanguard.com/retirementplans**. Not yet registered for immediate, secure online account access? Click **Register for account access** on the login page to sign up. You will need our plan number: **093114**.
- **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 **1-800-523-1188** 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 9:30 a.m. to 10 p.m. Central Time.

*If you are a team member of Zoro you can only participate in a 401(k). You are not eligible to participate in the Profit Sharing Plan. You are eligible to retire under the 401(k) plan when you reach age 60, regardless of your years of service. For more information, contact Vanguard at **1-800-523-1188**.

**A year of vesting service is a calendar year during which you complete 1,000 hours of service for the company, as defined under the W.W. Grainger, Inc. Employee Profit Sharing Plan.

***Lump sum tax implications are normal tax PLUS a 10% penalty (if under age 59 ½).



ADDITIONAL RESOURCES

Click here to access a comprehensive summary plan description of the Profit Sharing Plan, including detailed eligibility rules.

Click here to access Vanguard's wealth of retirement tools and resources, including a Retirement Income Calculator.

Click here to access your account online (our plan number is **093114**).

Retiree Health Benefits Options

Retiree Health Benefits Eligibility Rules

To be eligible for Retiree Health Benefits, you must meet all of the following criteria:

- You were hired/rehired and on the U.S. payroll before January 1, 2013
- You retire from Grainger at age 55 or older with at least 15 years of continuous and uninterrupted service after age 40
- You and your eligible dependent(s) are enrolled in a Grainger medical plan for a minimum of one year at the time of retirement
- You are a regular, full-time team member for at least one full year prior to retirement

For Retiree Health Benefits eligibility, a “year of service” is generally based upon the employment anniversary date (EAD). However, if the team member joined Grainger through an acquisition, years of service for Retiree Health Benefits eligibility will be based on the acquisition date and will not include service prior to the acquisition date, even if that prior service is used to determine the EAD.

Retiree Health Benefits are not available to you if you were hired or moved to the U.S. payroll on or after January 1, 2013, are in a part-time employment status at the time of retirement or if you live/work outside of the continental U.S. Retiree Health Benefits were not offered to team members of the following acquisitions: Grainger Lighting Services (Grainger Service Holding), Fabory U.S., Techni Tools, E&R, Safety Solutions and WFS.

Your Options

Your health care options depend on your age at retirement. Please consult the chart below:

IF YOU/YOUR DEPENDENTS ARE UNDER AGE 65	IF YOU/YOUR DEPENDENTS ARE MEDICARE-ELIGIBLE (AT LEAST AGE 65 OR WITH A DISABILITY STATUS CONFIRMED BY MEDICARE)
<p>You may consider:</p> <ul style="list-style-type: none"> • Continued coverage through a Grainger medical plan—you will be offered two of the three medical plans offered to active team members • Coverage through your spouse's employer • Individual coverage through a private health insurer or a state Health Insurance Marketplace—see page 7 	<p>You may consider:</p> <ul style="list-style-type: none"> • Medical, prescription drug, dental and vision coverage through the Via Benefits marketplace; however, you will only receive a subsidy from Grainger if you meet Grainger's Retiree Health Benefits eligibility rules (see below) • Medicare as your primary coverage (if eligible), and a Medicare Advantage Plan or Medicare Supplement Plan as secondary coverage—see page 7
<p>For support, contact: The Grainger Benefits Service Center 1-847-535-HR4U (inside Grainger) or 1-888-477-3781 (outside Grainger) Select Option 3 and request a Retirement Specialist Mon.–Fri., 7 a.m.–6 p.m. CT</p>	<p>For support, contact: Via Benefits 1-888-230-0074</p>

If you are Medicare-eligible and your dependent is under age 65, or vice versa, you will have different options through Grainger. Those under 65 will have access to two of the three medical plans offered to active team members, and those who are Medicare-eligible will have access to the Via Benefits marketplace.

The Via Benefits Marketplace

All Medicare-eligible retired team members and Medicare-eligible dependents have access to Towers Watson's Via Benefits marketplace, which is the nation's largest private Medicare exchange. Via Benefits provides Medicare-eligible retirees access to and advice in choosing from multiple individual coverage choices along with 1.5 million other Medicare-eligible retirees. This includes medical, prescription drug, dental and vision coverage options. This marketplace is offered to a specific group, and not the general public. It allows you to shop for the plans that best meet your individual needs.

As you or your covered dependents approach age 65, you will have access to the enrollment support offered through Via Benefits. You will receive information directly from Via Benefits throughout the year prior to turning age 65.

While individual coverage through Via Benefits is available to all Medicare-eligible retirees/dependents, eligibility for Grainger Retiree Health Benefits (see the above table on this page) determines if you will receive a subsidy from Grainger. If you are not eligible for Grainger Retiree Health Benefits, you will be responsible for the full cost of coverage through Via Benefits.

Please note that any medical plan benefits you elect through Via Benefits will coordinate with Medicare, and Medicare will be your primary plan.

Retiree Health Benefits Options

Medicare-Eligible Retiree Health Subsidy and Cost

If you are eligible for Grainger's Retiree Health Benefits, you will receive a subsidy from Grainger when you retire. Grainger will contribute funds into a health reimbursement arrangement (HRA) each year as long as you enroll in coverage through Via Benefits. You can use HRA funds to help pay for eligible health care expenses, including medical, prescription drug, dental and vision premiums, as well as out-of-pocket medical, dental and vision expenses.

The amount of subsidy you receive depends on the date you become eligible for Retiree Health Benefits. The subsidy amount is based on your years of service as an active Grainger team member as follows:

If you became Retiree Health Benefits eligible BEFORE January 1, 2018:

INDEXED* HRA SUBSIDY	
Years of Service as of Your Retirement Date	Annual Amount (per individual)
5 – 14 years	\$600
15 – 19 years	\$1,212
20 – 24 years	\$1,500
25+ years	\$1,800

If you become Retiree Health Benefits eligible ON OR AFTER January 1, 2018:

FROZEN** HRA SUBSIDY	
Years of Service as of Your Retirement Date	Annual Amount (per individual)
15 – 19 years	\$1,140
20 – 24 years	\$1,416
25+ years	\$1,704

A separate HRA will be set up for both you and your Medicare-eligible dependent, if applicable.

*Indexed subsidies will be reviewed annually and may increase over time based on the cost of medical care.

**Frozen subsidies will not be reviewed annually but will remain fixed-dollar subsidy amounts.

NEXT STEPS

- Call the appropriate contact for support to determine the options available to you (see "Support" on the next page for contact information).
- **If you choose to retire:**
 - » If you are not yet age 65, you will enroll in benefits through the Grainger Benefits Service Center (if eligible for current Grainger Retiree Health Benefits). **Click here** to view the current Retiree Health contribution rates. You can initiate your intent to retire as early as 90 days before your date of retirement.
 - » If you or your dependent are age 65 or older or early Medicare, you will enroll in benefits through Via Benefits (regardless of eligibility for current Grainger Retiree Health Benefits/subsidy). Notify Via Benefits at least two months BEFORE you retire to enroll in coverage that begins the first of the month following your retirement.

Retirement Recognition Benefits

Eligibility*

If you are a U.S. team member, you are eligible for Grainger's Retirement Recognition Benefits when you retire and have:

- Completed 25 years of service,
- Reached age 55 with at least 20 years of service or
- Reached age 60 with 5 years of service.

Benefit

If you are eligible, you can continue participating in the Employee Assistance Program (EAP) and WorkLife Services Benefit, Employee Purchase Discount Program and Scholarship Program. In addition, you are eligible for certain retirement recognition efforts, such as plaques, company functions and communications.

Support

Retirement Specialists will be your first point of contact for questions and guidance. They can provide more information on the benefits available, how they work and how you access them. To contact a Retirement Specialist:

- Call the Grainger Benefits Service Center at **1-847-535-HR4U** (when calling from a Grainger facility) or **1-888-477-3781** (when calling from outside a Grainger facility).
- Select **Option 3** and request a Retirement Specialist.
- Retirement Specialists are available Monday through Friday from 7 a.m. to 6 p.m. Central Time.

* Team members who meet eligibility requirements for Retiree Health Benefits are also eligible for Retirement Recognition Benefits.

ADDITIONAL RESOURCES

[Click here](#) to learn more about the EAP and WorkLife Services Benefit.

[Click here](#) to learn more about the Team Member Purchase Discount Program

[Click here](#) to learn more about the Scholarship Program.



Other Resources

Social Security

The date on which you start collecting Social Security benefits determines how much you'll receive and what benefits will be available for your spouse, children and, eventually, survivors.

- You are eligible for Social Security retirement benefits if you are age 62 or over and have earned the required Social Security credits during your working years.
- The longer you wait to begin payments (up to age 70), the larger your monthly benefit payments.

When you register for a **my Social Security** account at www.ssa.gov, you will be able to view your personal information. You will also be able to view your estimated monthly payment at several different ages. Log on to www.ssa.gov and click on the **my Social Security** icon at the bottom left of the page to get started.

You can apply for Social Security in any of the following ways:

- **Apply online at www.ssa.gov.** This is the easiest way to apply.
- **Call Social Security at 1-800-772-1213.** Schedule an appointment to have a representative enroll you via phone.
- **Apply at your local Social Security office.** Visit www.ssa.gov/locator to find one near you.

Medicare

You qualify for Medicare if you meet one of the following requirements:

- You are age 65 or older.
- You have been entitled to Social Security disability benefits for at least 24 months (which need not be consecutive).
- You have Lou Gehrig's disease (amyotrophic lateral sclerosis, or ALS) or you have permanent kidney failure requiring regular dialysis or a kidney transplant.

Medicare has four components:

- **Part A: Hospital Insurance:** Part A helps pay the costs of a stay in a hospital or skilled nursing facility, home health care, hospice care and medicines administered.
- **Part B: Medical Insurance:** Part B helps pay physician and outpatient bills, such as rehab therapy, lab tests and medical equipment.
- **Part C: Medicare Advantage Plans:** Part C consists of a variety of private health plan options offered by Medicare-approved private insurance companies that cover Part A, Part B and, in most plans, Part D services in one package.
- **Part D: Prescription Drug Coverage:** Part D helps pay the cost of prescription drugs. You enroll with a Medicare-approved prescription drug provider.

Here are some important things to keep in mind:

- **Enroll in Medicare when you are supposed to.** To avoid steep, permanent late penalties and restrictions on enrollment windows, enroll at age 65 if you don't have insurance through your or your spouse's employer. If you are over age 65, enroll within eight months of stopping work—even if you continue to receive COBRA or retiree health benefits from an employer.
- **You must enroll in Medicare Parts A & B when you become eligible in order to enroll in medical coverage through Via Benefits;** but you do not need Part D for prescription drugs.

You can apply for Medicare Parts A and B in any of the following ways:

- **Apply online at www.ssa.gov.** This is the easiest way to apply.
- **Call Social Security at 1-800-772-1213.** Schedule an appointment to have a representative enroll you via phone.
- **Apply at your local Social Security office.** Visit www.ssa.gov/locator to find one near you.

Additional Options

If you're not yet eligible for Medicare and COBRA continuation coverage, or coverage on your spouse's plan isn't right for you, you still have other health coverage options to consider. Many of these options have an enrollment period each fall, but you may qualify for special enrollment if you retire from Grainger and lose your existing health coverage.

Health Insurance Marketplace

The Patient Protection and Affordable Care Act (PPACA), commonly known as health care reform, created the Health Insurance Marketplace, where individual health insurance can be purchased with guaranteed coverage. If you retired under profit sharing before turning 65 and are not eligible for Grainger's Retiree Health Benefits, you may consider this option. Depending on your household's financial situation, you may be eligible for federal financial assistance to help you pay for coverage. To explore options available to you, visit www.healthcare.gov.

Important Contacts: Under Age 65

TOPIC	CONTACT	PHONE	WEBSITE
<ul style="list-style-type: none"> • General Retirement Benefit Questions (Pre-65) • Retiree Health Benefits Eligibility • Retirement Recognition Benefits • Advocacy & Concierge Services • COBRA 	The Grainger Benefits Service Center	<ul style="list-style-type: none"> • Call the Grainger Benefits Service Center at 1-847-535-HR4U (when calling from a Grainger facility) or 1-888-477-3781 (when calling from outside a Grainger facility). • Select Option 3 and request a Retirement Specialist. • Retirement Specialists are available Mon.–Fri., 7 a.m.–6 p.m. Central Time. 	N/A
Profit Sharing Plan/401(k) Plan	Vanguard VOICE®	1-800-523-1188	www.vanguard.com/retirementplans
Aetna Medical Plans (Pre-65)	Aetna Concierge Services	1-800-732-2165 (Mon.–Fri., 8 a.m.–6 p.m. member local time)	www.aetna.com
Blue Cross Blue Shield of Illinois (BCBSIL) Medical Plans (Pre-65)	BCBSIL Benefit Value Advisor	1-888-896-7682 (Mon.–Fri., 7 a.m.–8 p.m. CT)	www.bcbsil.com/grainger
UnitedHealthcare Medical Plans (Pre-65)	Advocate4Me	<ul style="list-style-type: none"> • POS Platinum: 1-866-844-4868 • HSA Silver: 1-866-314-0336 (Mon.–Fri., 8 a.m.–8 p.m. member local time) 	www.myuhc.com
Prescription Drug Benefits	Express Scripts*	1-800-316-3099	www.express-scripts.com
Health Insurance Marketplace	healthcare.gov	1-800-318-2596	www.healthcare.gov
EAP & WorkLife Services Benefit	Optum	1-800-851-9054	www.liveandworkwell.com (access code: grainger)

*Note: If you live/work outside of the continental U.S., your prescription drug benefits are provided through your medical plan.

Important Contacts: Age 65 and Over*

TOPIC	CONTACT	PHONE	WEBSITE
Profit Sharing Plan/401(k) Plan	Vanguard VOICE®	1-800-523-1188	www.vanguard.com/retirementplans
<ul style="list-style-type: none"> • Retiree Health Benefits Eligibility • Retirement Recognition • COBRA 	The Grainger's Benefits Service Center	<ul style="list-style-type: none"> • Call the Grainger Benefits Service Center at 1-847-535-HR4U (when calling from a Grainger facility) or 1-888-477-3781 (when calling from outside a Grainger facility). • Select Option 3. 	N/A
Via Benefits	Via Benefits	1-888-230-0074	www.my.viabenefits.com
Social Security and Medicare	Your local Social Security office	1-800-772-1213	www.ssa.gov

*Or early Medicare.

Please note: This guide is intended to provide you with highlights of our benefits program. It is not intended to address all details. Actual benefit coverage is specified in the Summary Plan Descriptions (SPDs). In the event of any differences between this guide and the SPDs, the SPDs will govern.