



**TOTAL REWARDS AT MERCK:  
OUR COMMITMENT  
TO EMPLOYEES**

Our mission of improving and saving lives around the world is enabled by Merck's most important asset — our people. One way we recognize the importance of our people is to provide a valuable suite of benefits, programs and resources that support professional achievement and personal wellbeing at every stage of life. This is what we call Total Rewards.

Merck's Total Rewards are among the best in the country and reflect our commitment to provide employees and their family with resources to enhance physical, emotional and financial wellbeing. In fact, our benefits program ranks in the top 90<sup>th</sup> percentile of Fortune 100 companies.<sup>1</sup>

This brochure offers an overview of Merck's Total Rewards program for salaried U.S. employees.

<sup>1</sup> Source: Aon Hewitt 2019 Benefits Index

# OUR COMMITMENT TO EMPLOYEES



We recognize that our employees are vital to the company's success and are a key element in our goal of becoming the best health care company in the world. Merck offers its employees a work environment that is challenging and rewarding — one that focuses on our mission to improve health and wellbeing around the world.

At Merck, we are a company built on a foundation of culture, responsibility and rewarding our employees through career development and rewards.

## CULTURE

We believe that having a diverse, inclusive workforce makes us a more innovative and agile company — and better attuned to the needs of our customers and patients. We strive to foster an environment where all colleagues feel welcomed, respected and valued.

## RESPONSIBILITY

Corporate responsibility is our daily commitment to tackling the world's biggest health challenges by discovering better ways to make a difference in everything we do. It is this simple promise that informs all of our actions as we apply our global resources, our talents and our scientific and operational expertise to some of the most significant health, environmental, social and economic challenges in the world today. We are proud of our continuing legacy to help the world be well, not only through our products but through corporate initiatives like Merck for Mothers. We are also passionate about community outreach through our generous employee volunteerism programs and policies.

## CAREER

We are committed to fostering a culture of professional career development that aligns to our business strategy. Merck invests in employee development programs and resources — such as learning programs and leadership development curricula — to help employees take ownership of their career.

## REWARDS

Our compensation and benefit plans and work life programs are part of Merck's Total Rewards program. These programs are designed to be responsive to employees' needs, offer financial protection against unexpected risks and help employees balance professional achievement and their personal wellbeing.

# TOTAL COMPENSATION PROGRAMS



Merck is committed to providing competitive pay programs designed to help attract, retain and motivate the talent we need to succeed in all aspects of our business. We monitor all elements of our total compensation program to ensure they are competitive with those of other companies — and appropriate to the markets in which we compete for talent.

Total compensation at Merck is made up of the following pay programs, each targeted to recognize and reward a different aspect of individual and company performance:

- **Annual Base Pay** — competitive pay, determined by an employee's position in the marketplace, experience, skills and abilities
- **Short-Term Incentives** — cash award programs to reward employees based on company and/or individual performance versus objectives
- **Long-Term Incentives** — stock-based incentives that recognize an employee's sustained performance and future contribution potential
- **Recognition Awards** — programs designed to recognize employee service milestones and reward outstanding contributions of individuals and teams

# HEALTH & WELLBEING PROGRAMS



Merck's health and wellbeing programs make up a significant part of your Total Rewards and are designed to support you and your family's health and wellness. Our health and wellness benefits draw from best practices to ensure quality, competitive value, protection from significant financial hardship, and access to tools and resources to support a healthy lifestyle while giving you flexibility and choice.

## HIGH QUALITY

Providing high-quality benefits that support the health and wellbeing of our employees and their families continues to be an important priority for Merck. In fact, Merck is expected to spend over \$400 million on health care benefits for active U.S. employees in 2019.

## COST EFFECTIVE AND COMPETITIVE

Merck's cost strategy is founded in being market competitive and meeting business needs. Merck contributes over 80% to the cost of health care per employee.<sup>1</sup>

## WELLBEING

*LIVE IT* is a comprehensive and integrated approach to wellbeing that is based on employee needs and goes beyond physical health to also include emotional, social and financial wellbeing. *LIVE IT* provides a broad array of resources to help you change behaviors one step at a time to create permanent, healthy habits.

## INDIVIDUAL FLEXIBILITY AND CHOICE

We offer a variety of health and insurance benefits that allow you to select the plans and programs that best fit the needs of your family. We recognize that families come in all forms, and we have designed our benefits to meet a variety of diverse needs. For example, health care coverage is available to all benefits-eligible employees, their eligible spouses or domestic partners and eligible children.

<sup>1</sup> Health care costs represent medical and prescription drug coverage only. Costs are based on average health care premium amount and do not include out-of-pocket costs such as your deductible and coinsurance.



# MEDICAL PLAN



You and Merck share in the cost of medical coverage, which includes prescription drug coverage. Merck offers one Medical Plan option (PPO). For additional information, go to [BenefitsatMerck.com](https://www.BenefitsatMerck.com).

## PPO (Horizon BCBS)

- Access to your choice of doctors, specialists, hospitals and other health care providers under both PPO networks, including telehealth services
- Many routine preventive services covered at 100% (certain age, frequency and other restrictions apply)
- Benefits for in-network services paid at 80% for all covered expenses after you meet the deductible, up to an annual out-of-pocket maximum (your out-of-pocket maximum is based on your base pay)
- Benefits for out-of-network services paid at 70% for all covered expenses after you meet the deductible, subject to reasonable and customary (R&C) limits

## Health Plan Plus Hawaii HMO (Hawaii residents only)

- Coverage generally available only if you use in-network providers
- Behavioral health benefits
- Prescription drug coverage

## Prescription Drug

- Available if you elect Merck medical coverage
- Administered by Express Scripts
- Merck-brand prescription drugs without generic equivalents are provided at **no cost** to you.

### 2020 MONTHLY MEDICAL PLAN CONTRIBUTIONS

Coverage Level	Merck PPO — Horizon BCBS	Health Plan Hawaii Plus HMO
<b>Employee Only</b>	\$98	\$74
<b>Employee + Spouse/ Domestic Partner</b>	\$245	\$186
<b>Employee + Child(ren)</b>	\$196	\$148
<b>Employee + Spouse/ Domestic Partner + Child(ren)</b>	\$343	\$260

## LIVE IT

Our company's mission to save and improve lives starts with caring for our employees and their families. *LIVE IT* is a comprehensive and integrated approach to wellbeing that is based on employee needs and goes beyond physical health to also include emotional, social and financial wellbeing. After all, it is only when we feel the best in all aspects of our lives that we can perform at our best professionally and personally. The *LIVE IT* continuum of wellness includes PREVENT IT, BALANCE IT, MOVE IT and FUEL IT. *LIVE IT* offers a variety of programs, events and opportunities that support your pursuit of a healthy lifestyle so that together, we can create a culture of wellbeing.

### Dental Plan

- You and Merck share in the cost of dental coverage
- Coverage for a wide range of dental services, including preventive, basic, major restorative and orthodontia for both children and adults
- Access to MetLife's Preferred Dental Program (PDP) Plus network
- Greater benefits available if you visit in-network PDP Plus dentists who provide services at pre-negotiated, reduced rates

2020 MONTHLY DENTAL PLAN CONTRIBUTIONS	
Coverage Level	Cost
Employee Only	\$20
Employee + Spouse/Domestic Partner	\$50
Employee + Child(ren)	\$40
Employee + Spouse/Domestic Partner + Child(ren)	\$70

### Flexible Spending Accounts

Deductions are made before federal and Social Security taxes are withheld from your paycheck (rules regarding state and local taxes vary).

- **Health Care Account** — pay for certain health care expenses not covered by your medical, dental and vision plans; contribute between \$120 and \$2,700 to your account annually
- **Dependent Care Account** — pay for certain day-care expenses for eligible dependents; contribute between \$120 and \$5,000 to your account annually

### Vision Care Plan

- Offered through Vision Service Plan (VSP)
- Designed to help you pay the cost of certain necessary vision care expenses
- Choice to go to an in-network VSP provider or an out-of-network licensed ophthalmologist, optometrist or optician

#### 2020 MONTHLY VISION PLAN CONTRIBUTIONS

Coverage Level	Cost
Employee Only	\$11.50
Employee + Spouse/Domestic Partner	\$28.76
Employee + Child(ren)	\$23.00
Employee + Spouse/Domestic Partner + Child(ren)	\$40.26

# PROGRAMS TO PROTECT YOUR INCOME AND PROVIDE SECURITY



When the unexpected happens, it's important to have protection for you and your family. Merck offers life and disability insurance to provide financial support in the event that an unexpected event occurs.

## Life Insurance Program

Merck offers different types — and levels — of life insurance protection for you and your family, including Basic Life, Optional Life, Accidental Death and Dismemberment (AD&D) and Dependent Life Insurance.

- **Basic Life** — company provides coverage of 1x base pay<sup>1</sup>
- **Optional Life** — options range from 1x to 8x base pay<sup>2</sup>
- **Accidental Death and Dismemberment (AD&D)** — options range from 1x to 8x base pay (up to \$1 million)
- **Dependent Life Insurance** — choose coverage of \$10,000, \$25,000, \$50,000 or \$100,000 for spouse/ domestic partner<sup>2</sup>; choose coverage of \$10,000 per dependent child
- **Business Travel Accident** — automatic company-provided coverage of 4x base pay

<sup>1</sup> Base pay is defined as annual base pay, excluding commissions, overtime, bonuses and any special or supplemental pay, adjusted to reflect scheduled hours, if part-time. For example, if the annual pay for the position is \$100,000 for a 40-hour work week, if your regularly scheduled hours are 24 hours per week, your base pay is \$60,000.

<sup>2</sup> Evidence of insurability is required for certain coverage levels.



## Disability Programs

Merck provides Short-Term Disability (STD) and Long-Term Disability (LTD) coverage.

- **Short-Term Disability (STD)** — provides income if you are unable to work for up to six months due to a non-work related injury, illness or medical condition that prevents you from performing your own occupation, and are approved by the STD administrator:
  - 100% of your base pay<sup>1,2</sup> for the first 10 weeks
  - 70% of your base pay<sup>1,2</sup> for weeks 11 through 26

Merck provides this STD benefit at no cost to you.<sup>3</sup>

- **Long-Term Disability (LTD)** — coverage replaces a percentage of your income if you become disabled and are unable to work for an extended period of time and are approved by the LTD administrator:
  - Company-paid coverage equal to 60% of base pay (before-tax)
  - Option to elect additional employee-paid LTD coverage:
    - » 60% of base pay (after-tax)
    - » 70% of base pay (after-tax)

This coverage may pay benefits after your STD benefits end.

<sup>1</sup> Base pay is defined as annual base pay, excluding commissions, overtime, bonuses and any special or supplemental pay, adjusted to reflect scheduled hours, if part-time. For example, if the annual pay for the position is \$100,000 for a 40-hour work week, if your regularly scheduled hours are 24 hours per week, your base pay is \$60,000.

<sup>2</sup> If you are eligible for disability benefits from another source, the company will coordinate so that your total benefits from all sources do not exceed 100% or 70% of base pay.

<sup>3</sup> Except for the state-mandated Short-Term Disability Insurance deductions

# PROGRAMS TO PLAN FOR RETIREMENT



Merck provides valuable benefits to help you plan for a healthy and financially secure retirement. This portion of your Total Rewards includes a Pension Plan, a Savings Plan, Retiree Health Care and a Financial Planning Program.

## Income in Retirement

The Pension Plan is a defined benefit pension plan that calculates benefits under a *cash balance* formula. Your pension is determined as an account-based benefit that grows with:

- **Annual company-provided pay credits** based on the sum of your age and your cash balance service as of Dec. 31 (see table at right), and
- **Annual interest credits** based on the percent change in the Consumer Price Index-Urban (CPI) each year plus 3% (minimum 3.3%).

Both pay credits and interest credits will be applied to your pension account effective Dec. 31 each year.

## Cash Balance Formula

Age + Cash Balance Service at Dec. 31		Percent of Total Pay Credited to Your Pension Account
At Least	Less Than	
-	40	4.5%
40	50	5.5%
50	60	6.5%
60	70	8.0%
70	-	10.0%
<b>PLUS</b> Annual interest credits set at CPI + 3% (minimum 3.3%)		

When your benefit is paid, you can choose to receive it as a lump sum or as an annuity. Generally, you can elect to receive your pension benefit at any time after you terminate employment.<sup>1</sup> You are 100% vested in your pension benefit after three years of service.

<sup>1</sup> Special rules apply if you are a former employee of Merck with an accrued benefit under a Merck pension plan prior to Dec. 31, 2012.

## Saving for Your Future

To supplement your retirement income from the Pension Plan, Merck offers a qualified retirement savings plan, otherwise known as a 401(k) plan. Through this plan, you can save on a before-tax, Roth or after-tax basis, depending on your needs.

### About the Savings Plan

- You may begin participating in the Merck Savings Plan upon your date of hire — there is no waiting period.
- Full, immediate vesting — which means you always own your and company-matching contributions
- Convenient payroll deductions — through before-tax, Roth and after-tax contributions up to IRS limits
- Company-matching contributions of 75 cents for each dollar saved (of the first 6% of total pay, up to IRS contribution limits) to encourage you to save — and to supplement your savings
- A choice of investment options, designed to help you build a well-diversified portfolio
- Tax-deferred investment of your (and company-matching) contributions
- Emergency access to your account — through loan, withdrawal and distribution provisions

### Non-Qualified Pension and Savings Plans

Merck offers non-qualified pension and savings plans that provide benefits to eligible participants that otherwise would be payable under the Pension Plan and/or Savings Plan in the absence of IRS limits. Under the non-qualified Pension Plan, eligible participants continue to earn benefits under the same formula as the qualified pension plan based on eligible pay above the IRS pay limit. Under the non-qualified Savings Plan, Merck provides employer contributions of 4.5% of your eligible pay above the IRS pay limit.

## Supporting Your Health in Retirement

Planning for your family's health care is an important step in preparing for retirement. Merck provides access to retiree medical and prescription drug coverage for eligible retirees.

### About Retiree Health Care

- Group retiree medical coverage (including prescription drug coverage) is available if you meet the plan's age and service eligibility requirements when your employment ends, until you reach age 65 and become eligible for Medicare.
- For those who meet the eligibility requirements, Merck retirees and eligible dependents who are age 65 or over and Medicare-eligible can purchase individual health insurance (including prescription drug coverage) through a private health exchange and may receive Merck's financial support through a health reimbursement account.

## Financial Planning

The Financial Planning benefit, provided by Ernst & Young (EY), is a valuable benefit that can help you when trying to decide which benefit options are right for you and your family, from a financial perspective. Some of the topics that the program offers include planning for debt and cash flow issues, retirement savings and investments, life insurance coverage, income taxes and withholding, and estate planning.

### About the Financial Planning Program

- Personal financial planning support through the *EY Financial Planner Line*® and *EY Financial Planning Center* website
- Available at **no cost** to all benefit-eligible employees
- Access to experienced EY counselors, many of whom have advanced degrees or professional designations

# ADDITIONAL BENEFITS AND SERVICES



At Merck, we believe in building and sustaining a work force and culture in which all people are engaged and motivated to succeed. Merck offers additional benefits and services to help you be productive and successful in all aspects of your life. These benefits and services include paid and unpaid time off, caregiving and educational support.

## Time Away from Work

- **Vacation, Holidays and Year-End Shutdown** — 3 to 6 weeks of paid vacation time annually, based on length of service, 10 fixed holidays and 4 year-end shutdown days<sup>1</sup> — the 4 business days between Christmas and New Year's Day (excluding weekend days)
- **Paid Time Off and Leaves of Absence** — to help when you or a family member are ill or to manage your work and life responsibilities

## Volunteering & Charitable Giving

- **Merck Partnership for Giving (matching gift program)** — financial support for select non-profit, charitable and educational community-based programs and services
- **Merck Gives Back (volunteer program)** — provides 40 hours per year for you to engage in paid time off for community-based volunteering at non-profits and non-governmental organizations around the world

## LIVE IT Resources

- **Fitness Centers** — Merck-sponsored on-site fitness centers at several major locations to support a healthy lifestyle at a nominal fee
- **Employee Health Clinics** — offer employee biometric screenings, vaccination programs, mammographies and more, as well as occupational health programs and services

## Employee Assistance Program and WorkLife Services

Provided by Aetna, *Resources for Living* gives you and your family access to:

- Telephonic support for daily parenting questions, relationship challenges, work issues and everyday stress
- Professional counseling sessions for personal, family or emotional issues (up to five telephonic, face-to-face or video sessions per person per issue)

<sup>1</sup> Alternate paid days will be provided for sites with a year-end shutdown of less than four days or at a time other than year-end, or for employees who are required to work during the shutdown due to a critical business need.

- WorkLife services for everyday help with everyday needs such as finding assisted living for your aging parent(s) or locating a service provider for common household needs
- Crisis support for unanticipated events

## Programs That Support Your Family

- **Flexible Work Arrangements** — global program including online tools and resources to ensure that all employees have equitable consideration for flexibility
- **Paid Parental Time Off** — six weeks paid time off when you grow your family through birth, adoption or the placement of a foster child in your home
- **Day-Care Centers** — Merck-sponsored onsite centers at certain major locations
- **National Childcare Discount Program** — tuition discounts for infants through kindergarten age at community-based centers offered through different childcare providers
- **Back-Up Dependent and Elder Care** — access to back-up care for healthy children or mildly sick children and adult care at a nominal fee, and other services
- **Adoption/Surrogacy Assistance Program** — reimburses up to \$25,000 per child to help with eligible expenses related to expanding your family through adoption and/or surrogacy
- **Bright Horizons Education & College Advising™:**
  - **Traditional** — offers workshops, expert counseling and web-based assistance to help employees and their families reach their academic goals (kindergarten through 12<sup>th</sup> grade)
  - **Autism Spectrum Disorder (ASD) Program** — support for ASD — transition planning and college counseling services for families of students with ASD and related conditions
- **Milk Stork** — Benefit for breastfeeding employees who are required to travel for work. Milk Stork provides refrigerated, express shipping or easy toting of breast milk at no cost to you

## Programs to Help Save Money

- **Education Assistance Program** — financial support for higher education and access to student loan consolidation and refinancing options
- **Group Auto and Home** — access to auto and home insurance coverage offered at group rates
- **Pet Insurance** — access to a choice of two levels of coverage for the eligible furry, feathered and scaled members of your family
- **Merck Employee Federal Credit Union** — offers access to a wide range of on-site banking and other financial services
- **Employee Discount Center through LifeMart** — find discounts specifically for Merck on a wide range of products and services
- **Group Legal Plan** — access to a nationwide network of attorneys who can provide you with a range of legal services at a fraction of the regular cost

## Employee Business Resource Groups

- **Employee Business Resource Groups (EBRGs)** — reflect Merck's global and multicultural 21<sup>st</sup> century workforce. They provide an important platform for employees to actively engage with their own constituency groups, as well as with others, in a wide array of initiatives that support employee development and business success. EBRGs support Merck business objectives related to talent and inclusion, corporate responsibility and company reputation and business insights. EBRGs currently available through Merck are:
  - Merck Allies for Disabilities
  - Merck Asia Pacific Association
  - Merck Hispanos Organization
  - Merck Interfaith Organization
  - Merck League of Employees of African Descent
  - Merck Native American/Indigenous EBRG
  - Merck Network for Millennials
  - Merck Rainbow Alliance (Lesbian, Gay, Bisexual and Transgender employees)
  - Merck Veteran's Leadership Network
  - Merck Women's Network



## FOR MORE INFORMATION



If you would like to find out more about Merck or the career opportunities available with us, go to [merck.com](https://www.merck.com).

### Reasonable Accommodations and the Online Application Process

Consistent with Merck's commitment to equal employment opportunity, Merck provides reasonable accommodations to qualified individuals with disabilities who need assistance in applying electronically for a position with Merck, unless doing so would impose an undue hardship.

To request a reasonable accommodation for this purpose, please send an email to [StaffingAADAR@merck.com](mailto:StaffingAADAR@merck.com). This email address is to be used solely to request an accommodation with respect to the online application process. Emails for any other reason will not be returned. Please note that all requests will be held in strict confidence and handled by Merck's Workplace Accommodation team. Under no circumstances will requests be disclosed to the person(s) responsible for making the hiring decision. Reasonable accommodation requests are evaluated on a case-by-case basis.

This brochure is intended to provide an overview of the main features of the compensation and benefits programs available in 2020 to:

Eligible non-union U.S.-based employees (including U.S.-based employees on assignment outside the United States and those currently on Long-Term Disability) of the wholly owned subsidiaries of Merck & Co., Inc. (excluding Comsort, Inc.; HMR Weight Management Services Corp.; ILÚM Health Solutions, LLC; and each of their subsidiaries).

This is not an official plan/program document or a summary plan description. If any information included in this brochure or any verbal representation conflicts in any way with the official plan/program document(s), including any contract(s) of insurance purchased pursuant to the plan/program document(s), the provisions of the plan/program document(s), as amended, will govern. For detailed information on the compensation and benefits programs described in this brochure, including details on eligibility, see the official plan/program documents.

Merck (and its applicable subsidiaries) reserves the right to amend the compensation and benefits described in this brochure (and the compensation and benefit plans and programs under which they are provided) in whole or in part or completely discontinue them at any time.





