Two facts to know about Boeing’s Retirement Plan Proposal

Fact #1: Retirement benefits are NOT going away.

First and foremost, you keep all the pension benefits you’ve earned through Dec. 31, 2017, and have them available in retirement. This includes applying any pension multiplier the company and union have negotiated beyond the current $79 per month per year of accredited service. On Jan. 1, 2018, you will stop accumulating service toward additional future pension benefits, and instead, Boeing will begin making an automatic Special Company Retirement Contribution to your VIP 401(k) retirement account. During the first three years, company contributions will be larger, giving your VIP a healthy transition boost at 9 percent of your eligible pay in 2018, 8 percent in 2019, and 7 percent in 2020. Thereafter, the company contributions will continue at 4 percent of your eligible pay. These contributions are made each pay period whether you contribute to your VIP or not. Also, beginning Jan. 1, 2018, the company match will increase to 75 percent on the first 8 percent of base pay that you contribute, and both the Special Company Retirement Contributions and matching contributions are fully vested immediately.

* Eligible pay includes base pay, shift differential and Huntsville Performance Incentive Pay

Outside Boeing: 401(k) retirement plans, such as the VIP, are increasingly being adopted across the industry. These plans provide employees more control over their investment choices while supporting long-term competitiveness. Pensions are subject to significant volatility and unpredictable funding requirements, driven mainly by the interest rate environment. These factors can increase cost and impact a company’s ability to win business and develop new products. The vast majority of Americans have 401(k) plans today, rather than pensions, and the vast majority of large American companies offer this type of retirement plan. As Boeing makes changes to modernize its retirement benefits, it will continue to provide market-leading benefits for employees’ retirement security and financial well-being, at the same time better positioning the company to stay competitive and provide jobs in the future.

Every effort has been made to provide accurate information in this document. The material provided here is for informational purposes only; it does not constitute a contract or contractual obligation. In the event of a conflict between this document and any of the benefit plans, the terms of the plans will control.
Another way to view your retirement funds
Your first “box” contains what you’ve accumulated in pension value through Dec. 31, 2017. You keep what you earned to that point and take it with you to retirement; it’s vested at that point, regardless of how long you have been accruing your pension. Your VIP savings account (a second box) consists of any savings you’ve contributed, along with applicable company matching and investment earnings. The third box is Social Security.

Fact #2: Traditional pensions are being replaced with 401K savings plans—both inside and outside of Boeing.

Inside Boeing: With this contract offer, IAM 2766 members will be among the more than 98 percent of Boeing employees who will begin receiving Special Company Retirement Contributions to their VIP retirement account. Under the proposal, employees will receive generous, automatic company contributions, including higher matches on their contributions, all within the flexibility and control offered by a 401(k) plan.

The majority of union-represented employees at Boeing, including IAM represented machinists in St. Louis, the Puget Sound and Southern California, have ratified agreements, which will provide for this company contribution to the employees’ VIP accounts.

For employees hired prior to Jan. 1, 2012 who currently have a pension plan:
When the pension stops growing, Boeing begins making Special Company Retirement Contributions to your VIP account—adding to what is already there. This includes the higher “transition” contributions from Boeing (first three years) followed by regular contributions thereafter. Plus, you can (and should) still contribute savings to your VIP to take full advantage of improved company matching. In retirement, you’ll have funds from your pre-2017 pension (Box 1), your VIP (Box 2), and Social Security (Box 3).

Boeing’s 2013 pension expense of $3 billion nearly equaled the company’s annual R&D investment.

More companies offer 401(k)-style plans today, and traditional “defined benefit” pensions are increasingly rare. A survey by Towers Watson of Fortune 500 companies reported that in 1985, 89 of the 100 largest employers in the United States offered defined benefit pensions. By 2013 only seven did.