



# FREQUENTLY ASKED QUESTIONS

**New items in red.**

## **JOB SECURITY**

**Q:** What is the possibility that ULA will experience another layoff in 2019?

**A:** As our president and CEO, Tory Bruno, explained in our 2017 4th quarter All-employee meeting, the layoffs are done. **Please click here to view a video clip.**

## **GRIEVANCES**

**Q:** Is it true that the Company offered to settle all outstanding grievances at Decatur for a lump sum of \$1000?

**A:** No. The Company did not make such a proposal or offer.

## **HEALTH & WELFARE BENEFITS**

**Q:** Why didn't the Company agree to add voluntary benefits through AFLAC?

**A:** As we explained to the Union, the Company already offers a program of voluntary benefits to non-represented employees and will offer this same program to IAM-represented employees, starting January 1, 2019. Our program of voluntary benefits is available to employees at an overall lower price. Options include critical illness, accident coverage, auto/home, legal, and life.

**Q:** Will my medical premiums change immediately?

**A:** No. The proposed changes to medical premiums will not take effect until January 1, 2019 (next benefit plan year). The premiums you currently pay will remain unchanged for the rest of 2018. During the next Open Enrollment period (this fall), you will have an opportunity to review the plan options (EPO, PPO, HRA) and associated 2019 costs before selecting your 2019 benefits.

**Q:** Is it true that EPO medical premiums may increase 59% over the life of the contract?

**A:** Perhaps. **It is true that medical premiums continue to escalate, but we cannot project with certainty how premiums may change through the life of the contract.** As we told the Union, the EPO plan is our most expensive option and costs double (2x) what our average plan does. We expect the Company EPO contribution cap to hit during the final year of the contract, which will shift more premium responsibility to the employee.

**Q:** I heard the Company received a refund of nearly \$800,000 from medical insurance in 2017. Is that true?

**A:** No. ULA's medical plans are self-funded, not insured. This means that in years where claims exceed what ULA and employees set aside/contribute to the plan, ULA pays additional money to pay claims. If claims do run under the projections, employees get a cost break the next year in the form of smaller increases to what is taken from each paycheck. However, there has never been, and there is not likely to be, a year when the amount by which claims ran under the prediction were outweighed by medical inflation. Costs truly have increased every year.

**Q:** When will the medical insurance premiums change?

**A:** January 1, 2019. Your current premiums and plan elections remain unchanged through the rest of 2018. You will receive information regarding 2019 premiums and all of your benefit options during Open Enrollment later this fall.

**Q:** If an employee chooses the EPO plan, and the plan amount is more than the employee can afford at a later date, can the employee choose a different plan?

**A: Yes, during the Open Enrollment period.**

**Q:** How much is the proposed Company cap on the EPO plan per pay period?

**A:** The monthly Company cap on the premium contribution is \$800 Employee Only/\$1600 Employee + Spouse/\$1600 Employee + Child(ren)/\$2,400 Family. Medical deductions are taken two times per month, so ULA's maximum contribution would be \$400/\$800/\$800/\$1200 per paycheck.

**Q:** On the EPO medical plan, if you go over the 20% contribution, what's the employee cap? What will you have to pay?

**A:** Unlike the PPO and HRA medical plans, there is no employee premium cap on the EPO plan. There would be no cap to what the employee has to pay. For example, if the Employee Only rate increased to \$1110 per month, the company's portion today would be 78% (\$865.80), but this exceeds \$800; the employee would contribute \$310 per month (\$1110 - \$800) or \$155.00/paycheck, **even though this is more than 20% of the total cost.**

**Q:** Can you elect to opt out of short-term disability coverage?

**A:** No, the CBA states employees are required to have this benefit and employees in Alabama and Florida will pay for it via payroll deductions. California-based employees have disability insurance through the State of California.

**Q:** What happens to my medical, dental and vision coverage if I participate in the strike?

**A:** Your Company pay and benefits, including medical coverage, **CEASE the first day you do not report to work.** You may elect to continue these benefits via COBRA at your own expense. COBRA enrollment packages will be mailed to employees' homes by May 14, 2018.

**Q:** If I am participating in the strike and lose health insurance coverage, may I enroll on my spouse's plan, who works for ULA in a non-represented position?

**A: Yes.** Loss of coverage due to a strike is considered a qualifying life event.

## **SUBCONTRACTING**

**Q:** What new types of work does the Company plan to subcontract?

**A:** Specific situations in which the Company may subcontract include surges of work or work for which the Company does not have sufficient manpower, provided these instances last six (6) months or less. Additionally, the Company may subcontract work that has been historically subcontracted at that individual site. Other types of subcontracting will be discussed and resolved in accordance with LOU #2. **Employees shall not be displaced as a result of subcontracting.**

**Q:** Is ULA planning to outsource ECS, electricians and materiel?

**A:** No. As we have told the Union, there are no plans to outsource such work.

**Q:** If the Company can subcontract out core work, what prevents them from subcontracting out all our jobs?

**A:** Specific situations in which the Company may subcontract include surges of work or work for which the Company does not have sufficient manpower, provided these instances last six (6) months or less. Additionally, the Company may subcontract work that has been historically subcontracted at that individual site. Other types of subcontracting will be discussed and resolved in accordance with LOU #2. **Employees shall not be displaced as a result of subcontracting.**

## **TRAVEL**

**Q:** How does the new travel stipend work?

**A:** For employees on travel which exceeds thirty (30) consecutive days, they may elect to either fly home for a

weekend (with travel booked by the Company) or they may choose to receive a \$1200 stipend (compensation in lieu of traveling home). The stipend may be used to travel guests or family to the work location or any other purpose of the employee's choosing. The trip home or stipend is available for each subsequent thirty (30) days of travel that immediately follows the first 30 days. For example, if an employee volunteers for a ninety (90) day travel assignment, he or she would have two opportunities (during the 2nd and 3rd month) to elect either a trip home or to receive the \$1200. Travel of thirty (30) days or less does not qualify for this new travel benefit.

**Q:** Will the Company still offer the \$4.00 hourly travel bonus?

**A:** Yes, there is no change to the hourly travel bonus. **Decatur-based travelers performing Aerospace Technician work at Launch Operations will receive an additional \$4.00 hourly additive.**

**Q:** Does the Company intend to permanently reassign employees to other geographic sites?

**A:** No. ULA's proposal allows the Company to temporarily reassign employees between Decatur, Vandenberg AFB and the Cape as work needs dictate. The Company will always seek volunteers first. Involuntary reassignments between worksites is limited to 30 days and employees will be entitled to all the associated pay benefits for travelling. With the consent of the employee, reassignments may be extended for up to a maximum of 90 days, which will entitle the employee to elect the new \$1,200 travel bonus in lieu of a trip back to his or her home station. ULA will not and cannot transfer employees between worksites on a long term basis.

**Q:** Do employees pay taxes on the \$1,200 travel bonus?

**A:** The bonus is considered taxable income. Tax withholdings would be calculated based on which state the employee is working at the time the bonus is paid.

**Q:** Does the Company plan to increase how often they direct employees to travel and increase the duration of those assignments?

**A:** No. **No changes were made to the 30-day travel limit for directed travel.** Employees will not be directed to travel more than 30 consecutive days. Only volunteers may travel past 30 days. **Any employee who is directed to travel will be exempt from additional directed for a minimum of fourteen (14) days following the completion of directed travel.**

## **TRAINING & CRITICAL SKILLS**

**Q:** What critical skills will be recognized under this Agreement?

**A:** At the launch sites, they include Sensitive Compartmentalized Information (SCI) Access and Non-Destructive Test/Non-Destructive Inspection. At Decatur, they include Non-Destructive Test and CNC Machining.

The Union proposed to eliminate all other critical skills currently included in LOU #5 of the current CBA, including Welding and Certified DOT Inspector/Diesel Repair. Welders will continue to receive the pay additives listed in the CBA (Article 7.15).

**Q:** How will training work under this Agreement?

**A:** The Company committed to have more employees cross-trained. Management will continue to first ask for volunteers for training opportunities. However, if there are an insufficient number of volunteers, the Company will direct training. Historically the least senior employees have been directed for training. However, the Company wants to invest in our most senior employees and ensure they are trained in as many areas as practical. That is why the Company proposed assigning training to our most senior employees.

## **RECALLS**

**Q:** Was there a change to how long employees may remain on the recall list?

**A:** No; the current recall period of seventy-two (72) months remains unchanged.

**Q:** The Company has recently issued some short-duration recalls. Has there been any changes proposed to that process?

**A:** Yes. The parties tentatively agreed to define a short-duration recall as one-hundred eighty (180) days. Under the new Agreement, those on recall who are offered a recall lasting less than 180 days may decline such offer and still retain their recall rights. If a short-duration recall turns into a full-time assignment, that full-time position will be offered to the most senior person who is either on the recall list or working the short-duration assignment.

## **WORK SCHEDULES**

**Q:** What are the proposed changes to third (3rd) shift?

**A:** The Company's offer included changing third (3rd) shift from 6<sup>1</sup>/<sub>2</sub> hours to eight (8) hours. With this change, the proposed shift differential will increase from \$0.14 to \$1.50 per hour.

**Q:** Was there discussion about adding 9/80 work schedules?

**A:** No. The Union did not propose a 9/80 work schedule.

## **IN THE EVENT OF A WORK STOPPAGE**

**Q:** If an IAM-represented employee wants to come to work during the strike, will their badge get them into the employee gates?

**A:** No, you will need to comply with the following:

**Decatur:** IAM-represented employees who intend to come to work during a strike, should enter through the main gate and report to the security post in the back West parking lot. You will be processed in and directed to report to your Work Center Leader. After your first day back, you will use the West W-2 turnstile and follow the daily instructions from management when reporting for work.

**CCAFS and VAFB:** IAM-represented employees who intend to come to work during a strike will be met by their manager at an agreed upon designated gate, provided their access badge and escorted to the EOC.

**Q:** If I elect not to strike, what would be my pay and benefits?

**A:** Your pay and benefits would remain the same.

**Q:** What happens to my medical, dental and vision coverage if I participate in the strike?

**A:** All insurance coverage for IAM hourly employees who do not report to work due to participation in the Strike will continue through the last date of work prior to participation in the strike and will resume on the date they return to active work.

You may elect to continue your medical, dental and/or vision coverage at your expense pursuant to health care coverage continuation provisions of Federal Law (COBRA). These rules permit you to continue your current coverage effective the first day that ULA-paid coverage ends. FSA debit cards will be deactivated when benefits are terminated.

**Q:** What happens to my life insurance coverage if I participate in a strike?

**A:** Life insurance coverage stops on the date a strike begins. There are time limits to convert or port your coverage and requirements for when the first conversion or portability premiums need to be paid. However, in the event you or a covered dependent passes away within 31 days of your last day worked, MetLife would treat the claim for benefits as they would a claim incurred during the 31-day conversion period following a termination of employment.

Group universal life (GUL) insurance coverage also stops on the date a strike begins, but continuation of coverage is automatically offered through the GUL administrator, Mercer. Once notice of a strike has been received by Mercer, you will receive bills for the quarterly amount of coverage by mail.

Coverage for life insurance will resume on the date you return to work. However, in the event you do not convert or port your voluntary coverage during a strike, new MetLife Evidence of Insurability (EOI)/Statement of Health may be required.

**Q:** Will the time an IAM-represented employee is on strike affect retirement benefits?

**A:** Yes. **The time that an IAM-represented employee is on strike will not count towards the accruing of “vesting service” for the year.**

**Q:** Will an IAM-represented employee on strike be paid weekly disability benefits?

**A:** Yes, but only if the disability was incurred prior to the first day of the strike, is approved for benefits, and the claim remains approved during the strike.

**Q:** If I am on strike and I become disabled, will I be paid weekly disability benefits?

**A:** No. If you become disabled on or after the first day of strike and prior to returning to work, you would not be eligible for disability benefits for that claim because you would not have been covered by the disability plan when the disability was incurred.

**Q:** If I am on strike, how will my 401(k) Savings and Retirement Plan be affected?

**A:** **You will not be able to contribute to the Plan during the strike.** Funds in the Plan will remain and still belong to the employee.

**Q:** If I am on strike, can I elect to retire?

**A:** Even if you are eligible to retire immediately, you may not request to commence payment of your pension benefits until after you resign your employment with ULA in writing. For further details, consult your SPD or call the ULA Benefits Center.

**Q:** How will I receive my paycheck for the last week worked before the strike?

**A:** If you elect not to strike, your check will be handled as usual. If you are not at work on payday, your paycheck will be mailed to your address of record or directly deposited per the normal schedule.

**Q:** If I am out on a leave of absence at the point the strike begins, will my health and welfare benefits coverage continue?

**A:** Yes. If you are on an authorized leave of absence that was both authorized and began before the strike started, the normal coverage duration rules will apply, as explained in your Summary Plan Descriptions (SPDs).

**Q:** If I have an existing 401(k) savings plan loan, will the term of the loan be extended due to a strike?

**A:** **No. Loan balances must be repaid by the scheduled loan payoff date.**

## **PENSION**

**Q:** How can I find out my final lump sum pension value?

**A:** The ULA pension system does not calculate your final lump sum pension value. That has to be calculated by our consultants because it is based on the benefit payable now and a present value factor based on your age, IRS prescribed interest rates and mortality tables. You will be provided an estimate a few months prior to your making your election to receive an annuity or the cash value.

You can get a very rough idea of the value of your pension by looking at the estimated cash value of your pension under the Total Rewards tab on BenefitsWeb. Your actual cash out value could be 25% higher or 25% lower than the amount shown on the Total Rewards tab. It will give you a rough magnitude of what you might receive.

Under the Total Rewards tab, you can select Total Wealth to see an estimated cash value of your pension. This is a very rough estimate and is only intended to give the participant an idea of what their pension is worth. This site calculates the value of your benefit based on the benefit payable at age 65 and a set annuity factor. This site is not intended to show what would be paid out as a lump sum under a plan transition.

When our consultants calculate the lump sum cash value of your benefit, it will be based on the value of your benefit that is payable now. Your benefit will be reduced for early retirement and then reduced again if you are

younger than age 55. This isn't something that is down under Total Rewards on the BenefitsWeb. The lump sum present value is then determined using prescribed IRS interest rates and mortality tables based on your actual age and your spouse's age, if married. This is an accurate calculation versus the Total Rewards estimate.

**Q:** Under the Pension Transition, do I have to take a lump sum?

**A:** No. You will be given three options. It is your choice!

- You can elect to receive an annuity and wait to start your pension just like you can now under the plan and continue to earn vesting service.
- You can elect to receive an annuity and start your pension now while you are still working. If you are not age 59 ½ you may be subject to a 10% excise tax.
- You can elect to receive your benefit in a lump sum.

**Q:** When do I have to decide how to take my pension benefit?

**A:** The Pension Transition is a lengthy process that is expected to take up to 9 - 12 months. Once complete, employees will receive detailed information about their options and current benefit value. First an estimate of your benefit will be prepared and sent out sometime in the second quarter of 2019. Then your election packets will be prepared and sent out towards the latter part of 2019; most likely early fall.

**Q:** Does the Company provide any financial planning assistance?

**A:** Yes, employees currently have access to financial advisors through our vendor, Voya, at no cost to the employee. During negotiations, the Company also offered to bring financial advisors on-site during the transition process to meet with employees 1:1.

**Q:** Is the net value lump sum the correct payout value?

**A:** Yes, our consultants will calculate the lump sum present value and provide you an estimate a few months prior to your making your election to receive an annuity or the cash value. You will be provided the final actual amount when you are sent your election packet.

**Q:** If I take my pension benefit in a lump sum, can it be rolled into a 401(k) plan?

**A:** Yes, you may roll your benefit into a qualified plan such as a 401(k) plan or IRA. As long as the rollover is into an IRS-qualified plan, there would be no tax withholdings or reduction of your lump sum benefit – 100% of the value would roll over.

**Q:** I am planning on retiring June 1st what will happen to my pension?

**A:** If you currently retired or are planning on retiring then your pension will transition to an annuity company. All pension liabilities will either be paid out in a lump sum if you are active or an annuity will be purchased on your behalf with an annuity company. After the Plan transition, ULA will no longer administer any benefits under the Hourly Pension plan.

## **COMPENSATION**

**Q:** Who is eligible to receive the 4-year contract bonus of \$3,000?

**A:** Employees on the active payroll or on an approved leave of absence at the time of contract ratification are eligible to receive the bonus.

**Q:** Can I defer part or all of the contract bonus into my 401(k) plan?

**A:** No.

**Q:** Can the ratification bonus be rolled into my 401(k)?

**A:** No. The contract was not ratified by May 7, 2018, so no ratification bonus will be paid.

**Q:** With the discontinuation of a quarterly Cost-of-Living Adjustment (COLA), will my pay be decreased?

**A:** The quarterly COLA is not part of your base rate. It has been a separate line item on your paycheck and has fluctuated quarter to quarter. This additional pay element will be discontinued and replaced with a higher valued annual COLA supplement (was \$850, increased to \$1200), with a new option to defer part or all of that annual supplement into your 401(k) account. **The Company will incorporate a one-time fold-in of the current COLA (\$0.45) prior to the calculation of the GWI in year one of the contract. The \$0.45 will also be added into the maximum rate range in year one of the contract.**

## **WAREHOUSING/INVENTORY**

**Q:** Will the Warehouse Workers be in a separate group?

**A:** A new job classification of Warehouse Worker will be established.

**Q:** Will all Warehouse Workers be part of the bargaining unit?

**A:** Yes. The new job classification will be covered by the CBA and employees in that job classification would be represented by the IAM.

**Q:** How will you backfill the lower paying warehouse jobs?

**A:** The Company plans to hire new employees at market-based pay rates to backfill for current employees who move to another work group.

**Q:** Does the pay for the Warehouse Worker change after the contract is signed?

**A:** Current employees in inventory and warehousing will receive a GWI of 1.5% in May 2018, calculated on their current pay rate. All current employees in inventory and warehousing will be offered the opportunity to train for and move to another job at their work location without any reduction to their pay.

## **MISCELLANEOUS**

**Q:** How does the Trump Tax reform impact ULA and why isn't the Company sharing money with employees that was gained by the lower tax rate?

**A:** ULA does not have a Corporate Tax rate because we are not incorporated; rather we are a Joint Venture owned 50/50 by Lockheed Martin Corporation and The Boeing Company. ULA-generated profits are distributed to our member companies and they are responsible for paying the corporate tax to the Federal Government. As such, ULA does not have additional tax savings that could be passed on to our employees, nor do our members contribute to our employee benefit costs (salary, benefits, etc.).