**Boeing will freeze pensions for 68,000 non-union employees** By [Dominic Gates](http://search.nwsource.com/search?searchtype=cq&sort=date&from=ST&byline=Dominic%20Gates) - Seattle Times aerospace reporter. Source: <http://seattletimes.com/html/businesstechnology/2023062695_boeingpensionsxml.html> accessed 3/7/14

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Boeing announced Thursday that from 2016 it will freeze the traditional defined-benefit pensions of some 68,000 non-union salaried staff including managers and executives all the way to the top.

Just as it did with the Machinists union in January as part of deal to build the 777X jet in Washington, Boeing will replace the old pension plan with a new defined contribution retirement savings account to which the company will contribute a set amount each year.

The balance already accrued in the traditional pension plan is still payable upon retirement and that fund will continue to gain interest. However, company contributions to that pension will stop Jan. 1, 2016.

Tony Parasida, Boeing’s senior vice president of human resources, said the aim is to assure “our competitiveness by curbing the unsustainable growth of our long-term pension liability.”

Boeing will still have an “attractive, market-leading retirement benefit,” he said.

The company already made this shift from defined benefit pensions in 2009 for new hires among non-union employees.

And 28 of Boeing’s union’s have ratified deals with the same provision, including the local International Association of Machinists (IAM) District 751 on Jan 3. Late last month, IAM District 837 in St. Louis did the same.

That leaves members of Boeing’s white-collar union, the Society of Professional Engineering Employees in Aerospace (SPEEA), as the last major group within the company to retain the tradtional pension.

In last year’s contract negotiations with Boeing management, SPEEA agreed to switch new hires from the traditional pension to a defined contribution plan, but retained the current pension for existing employees.

Union leaders expect Boeing to push hard for an end to that pension in the next negotiations in 2016.

“I think the handwriting is on the wall,” said SPEEA executive director Ray Goforth in a recent interview, referring to efforts by the company to get rid of the traditional pension.

“SPEEA members are sitting there the only ones that have it,” he said. In the 2016 contract talks “it’ll be up to the members to decide how hard they are willing to fight to keep it, if it’s even strategicaly possible.”

Salaried Boeing staff won’t need to make any contributions to the new plan that replaces their traditional pension.

The company will make cash contributions each pay period to the new savings plan.

During a three-year transition period, Boeing in 2016 will pay 9 percent of total salary, in 2017 will pay 8 percent, and in 2018 will pay 7 percent.

In subsequent years, the annual company contribution will vary between 3 percent and 5 percent of total income, depending on age. The contributions will be higher in that range as an employee approaches retirement.

The change will leave current employees with three components to their retirement savings:

• Whatever value their existing traditional pension plan has accrued before 2016, which will be available upon retirement.

• Boeing’s existing 401(k) plan, known as the Voluntary Investment Plan, will continue, providing a company match for any employee contributions up to roughly 6 percent of salary.

• The new retirement savings plan, funded solely by company contributions.

Retirees already receiving pension benefits are not affected by the change.

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