



***AERP Participant Presentation – 2025  
Plan Year***

***April 2026***

# Outline



- Aerospace Employees' Retirement Plan (AERP) Programs
- Management and Administration of AERP
- Plan Year Information
  - Statistics*
  - Fund Status*
- Comparison to Inflation



# ***AERP Programs***

## **AERP 1: Defined Benefit Plan**

- Effective for employees hired prior to January 1, 1993
- Fixed Benefits and Variable Benefits accrue
- Effective October 1, 2018, future accruals for the Fixed Benefit were frozen and the Variable Benefit accrual rate was set at 1.3%

## **Effective October 1, 2023, the Variable Benefit accrual under the AERP was frozen**

- In August 2018, a 204(h) Notice was sent to participants and other interested parties communicating these plan changes and a reminder copy was emailed in March
- AERP 1 participants keep vested benefits and will be eligible to receive Company 401(k) contributions
- Paid as a monthly annuity at retirement

## **The AERP Variable Benefit and the Hurdle Rate**

- Variable plan benefits increase or decrease annually depending on the actual returns of the underlying investments.
- Hurdle rate is 4% for the AERP plan and has been part of the benefit formula since inception
- Retirees receive an increase when investments returns are above 4% and decreases when returns are below 4%
- Hurdle rates are a common part of plan designs for variable pension plans and help ensure long term funded status



# ***AERP Programs***

*Continued*

## **Combined Retirement Program (CRP)**

- Effective on October 1, 2005
- All employees hired on or after April 1, 2005
- Other eligible AERP 1 and ASAP 1 employees who had elected CRP in August 2005
  
- Employees are enrolled in two separate plans
- AERP 2: Defined Benefit Plan
- 3-year vesting for active employees effective October 1, 2011
- Similar to AERP 1 but with somewhat less than half the benefits
  
- ASAP 2: Defined Contribution Plan
- Company contribution of 4% of compensation
- Immediate vesting
- Diversified investment account choices
  
- Plan frozen as of September 30, 2018
- Plan participants keep vested benefits and moved to the 401(k) for future benefits

*NOTE: Employees hired before April 1, 2005 who did not elect the Combined Retirement Program remained either in AERP 1 or in 401(k).*



# Aerospace 401(k) Plan

## 401k Defined Contribution Plan

- Effective October 1, 2018
  - All employees in the Combined Retirement Plan were moved to the 401k plan and all new hires on or after the effective date.*
- Regular full-time and part-time employees are eligible for employer contributions
  - Effective October 1, 2023, AERP 1 participants are eligible for 9% Basic and up to 3% match
- Basic Contribution (no employee contribution required)
  - 5% contribution for employees with less than 5 years of service
  - 7% contribution for employees that have between 5 and 25 years of service
  - 9% contribution for employees with 25 or more years of service
- Match Contribution
  - Aerospace matches employee 401k contributions up to 3%
- All employer contributions are immediately vested
- Employees can contribute up to the IRS limit into a pre-tax or Roth account
- An additional after-tax option is available to invest in above the IRS limit (up to 10% of weekly salary)



# ***The Aerospace Retirement Benefits Committee***

- **The Aerospace Retirement Benefits Committee ("ARBC") was established January 2022**
  - Replaced and consolidated three committees (AERP, Retiree Medical, 401(k))
  - As plan sponsor, the Company is responsible for ERISA Settlor decisions including plan design and funding strategy
- **Purpose**
  - Oversight of plan administration including oversight of third-party administrators and vendors
  - Investment of plan assets
  - Reviewing participants' benefit claims
- **Membership**
  - **Brian Hardt**, Chair
  - **David Roberts**, Principal Director Total Rewards
  - **Rory Boston**
  - **Navneet Mezcciani**
  - **Craig Larsen**
- **Advisors**
  - **Brenda Ching**, Counsel to Committee OGC - non-voting member
  - **AON**, Investment Advisor to Committee for AERP, Retiree Medical, and 401(k) Plans
  - **Crowe**, Independent Third-Party Auditor for plan financial statements



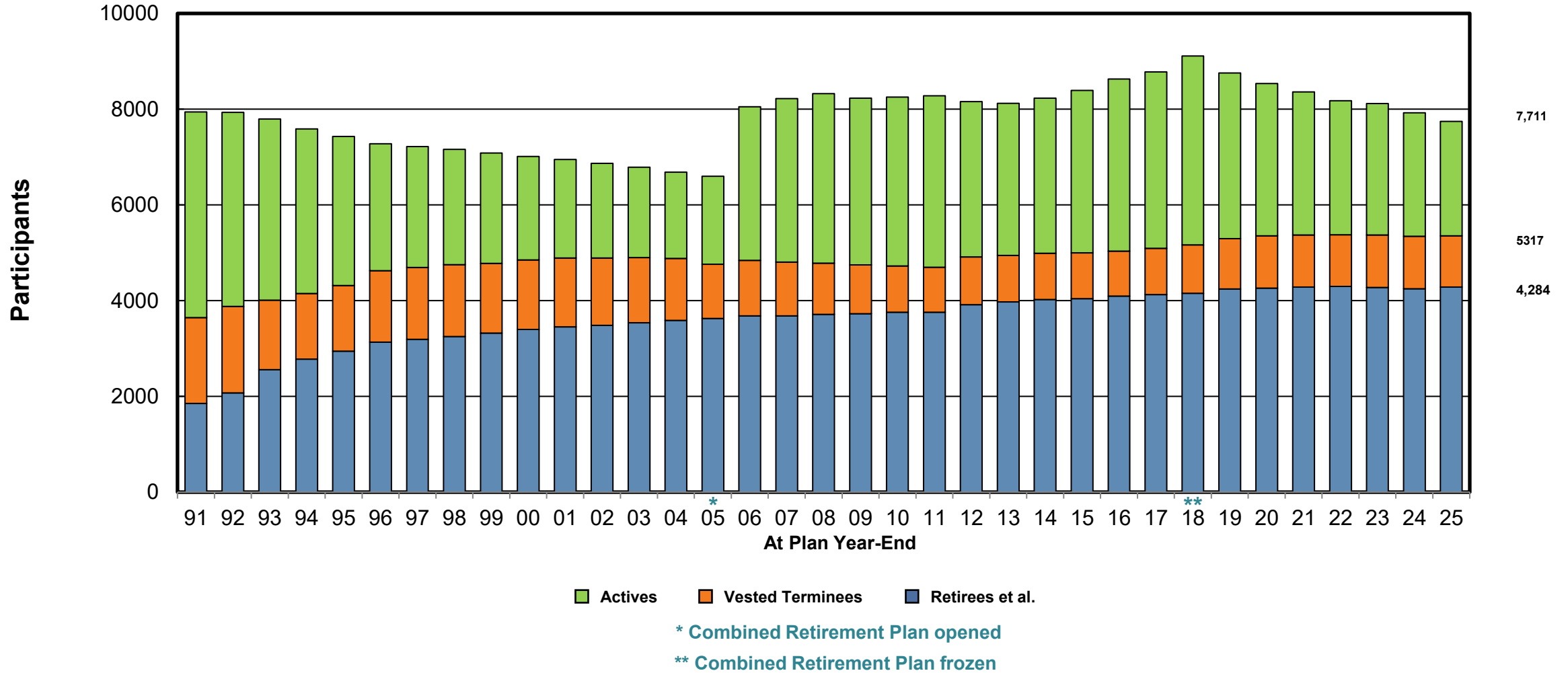
# *The Aerospace Retirement Benefits Committee*

*ARBC incorporates best practices for plan governance under ERISA*

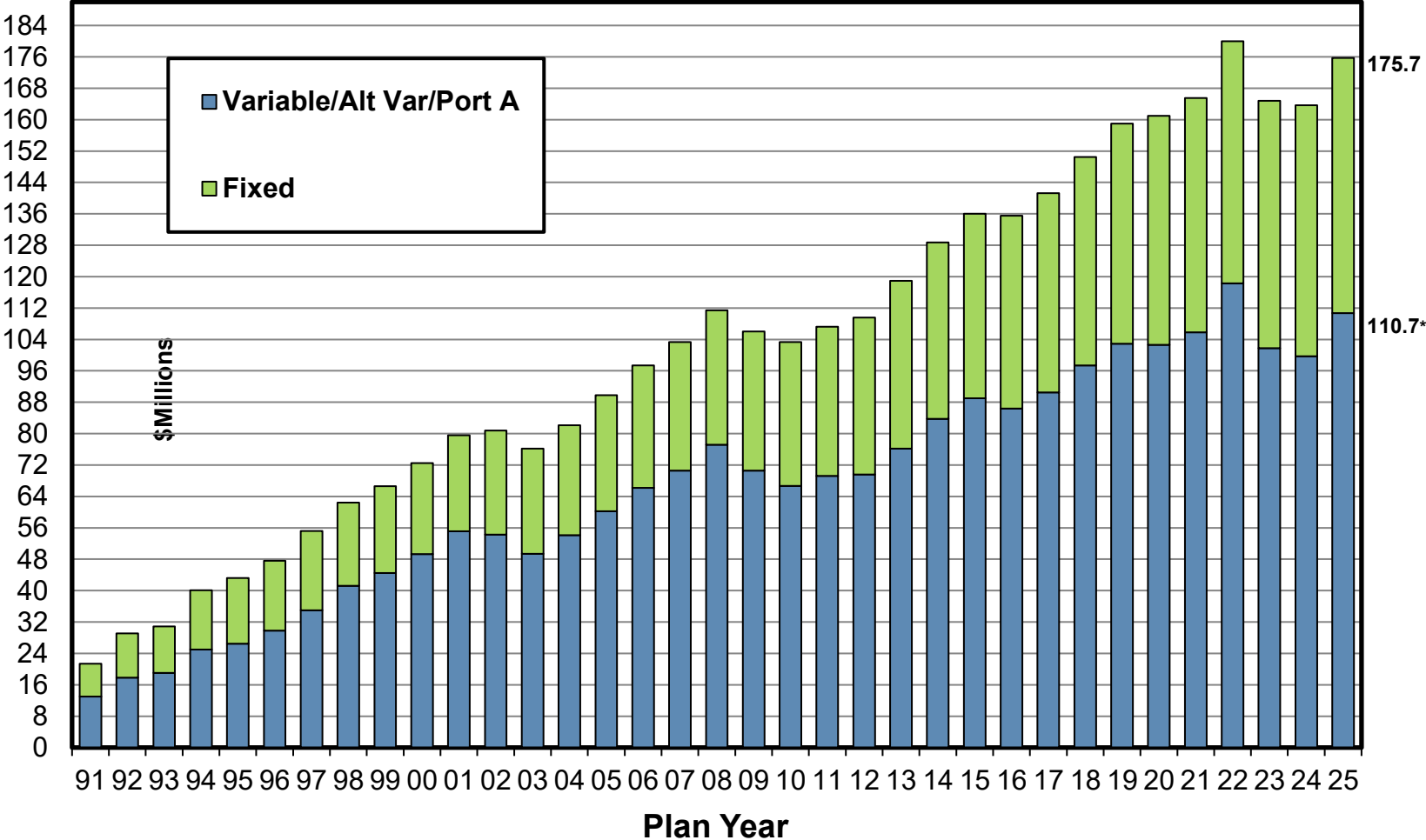
- Centralized governance which provides a broad-based integrated look at Aerospace's retirement benefit plans with ARBC serving as a single-point of oversight for AERP, 401(k) and Retiree Medical Plans.
- Dave Roberts, Total Rewards Principal Director and Brenda Ching from Office of the General Counsel provide continuity, management and subject matter expertise, and connection to supporting teams within Aerospace.
- All ARBC committee members have gone through extensive ERISA fiduciary training.
- ARBC retains independent ERISA investment advisors with co-fiduciary responsibility for plan investment selection.
  - AON (AERP, Retiree Medical Plan & 401(k))
- ARBC is staffed with active employee members of management with expertise and experience to satisfy ERISA fiduciary requirements.
  - *Given the ARBC's widely expanded fiduciary duties (including plan asset investment oversight), it is not advisable for the Company to ask individual retirees to incur exposure to fiduciary liability.*
- Plans are subject to annual financial and compliance audit by independent accounting firm as required by ERISA.

# AERP Retirement Plan Participants

As of 9/30/2025



# Benefit Payments

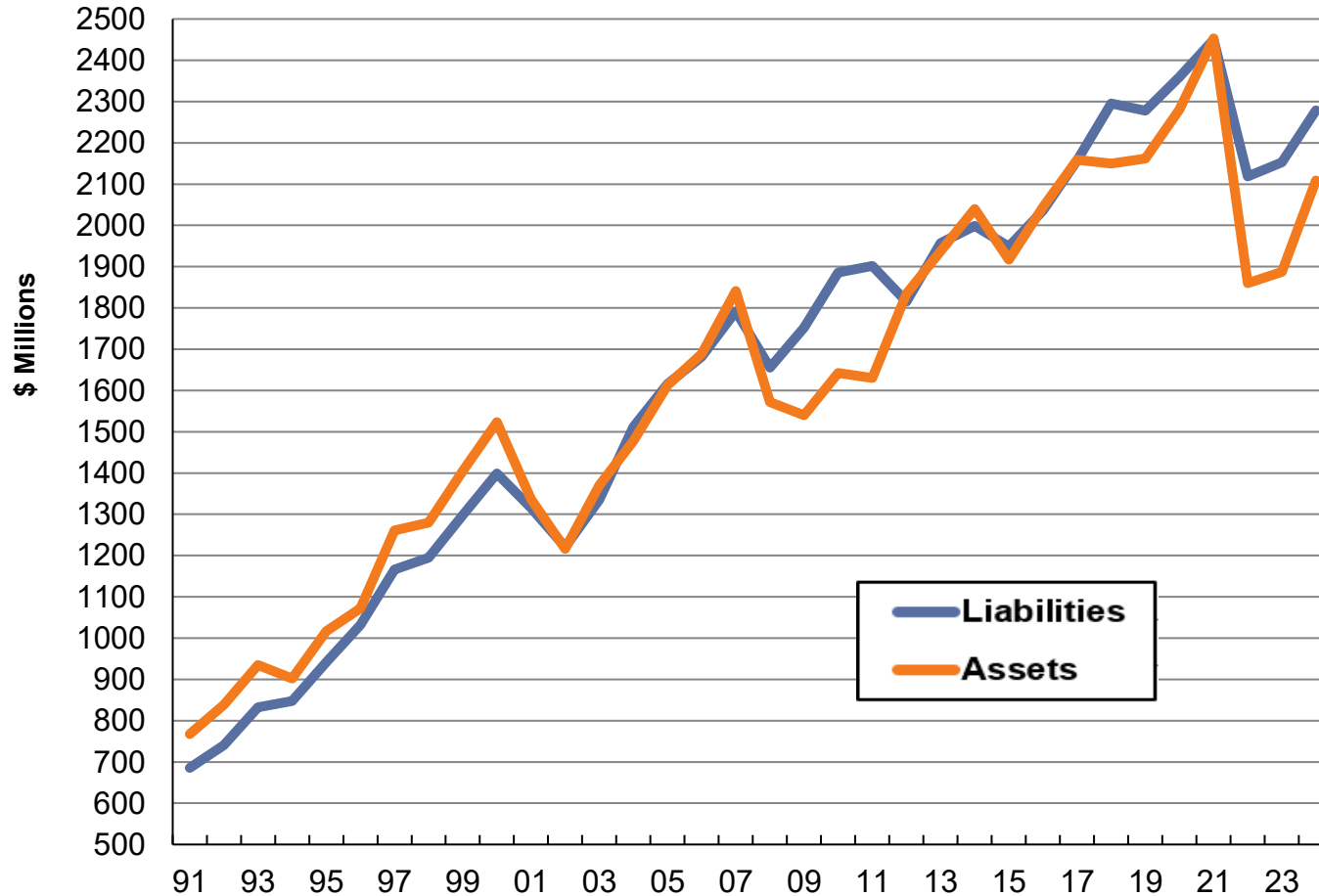


\*Includes withdrawal of \$1.3 million from the Optional Contribution Account



# Total AERP Plan Assets and Liabilities

Based on Annual Funding Notice for Plan Year 10/1/24 sent in January 2026



**\$2,109 (Assets)\***

**\$2,279 (Liabilities)\*\***

\* Assets exclude Optional Contribution account.

\*\* Liability is based on MAP-21 stabilized rates.

Without MAP-21, the funding level was 92%



# Financial Condition of the Plan

as of September 30, 2025

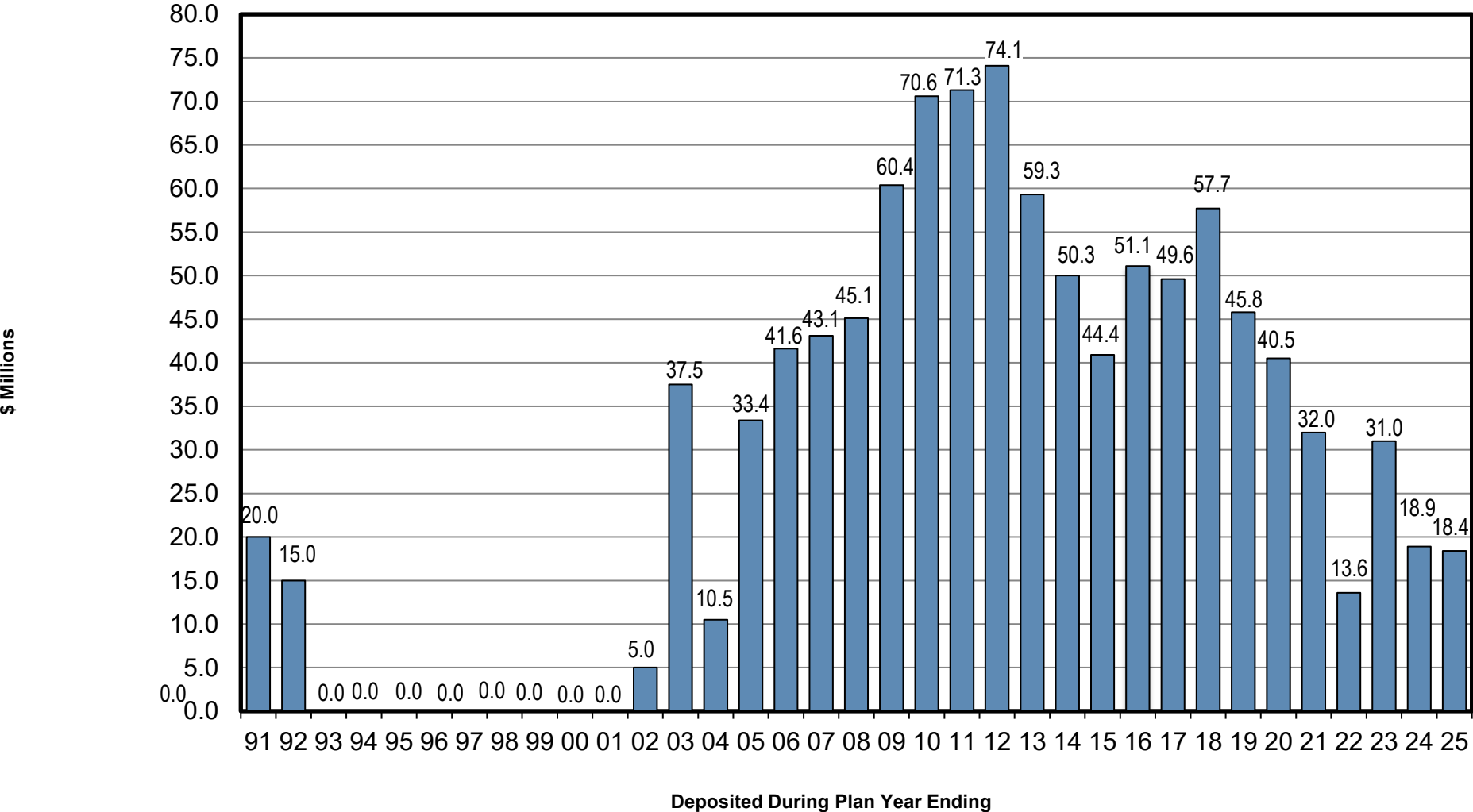
- The Plan's actuary prepares an annual actuarial valuation in June to determine the value of the liabilities, the value of the assets, and the customary contribution (allowable for actual reimbursement under government contracts).

## Dollars in Millions

Assets (Actuarial Value)	\$2,112
<u>                  – Liabilities</u>	<u>\$2,240</u>
Surplus (Shortfall)	(\$128)

- There will be a company contribution in FY 2026
- External auditors audit the Plan each year and present a written audit report to the Board of Trustees in May

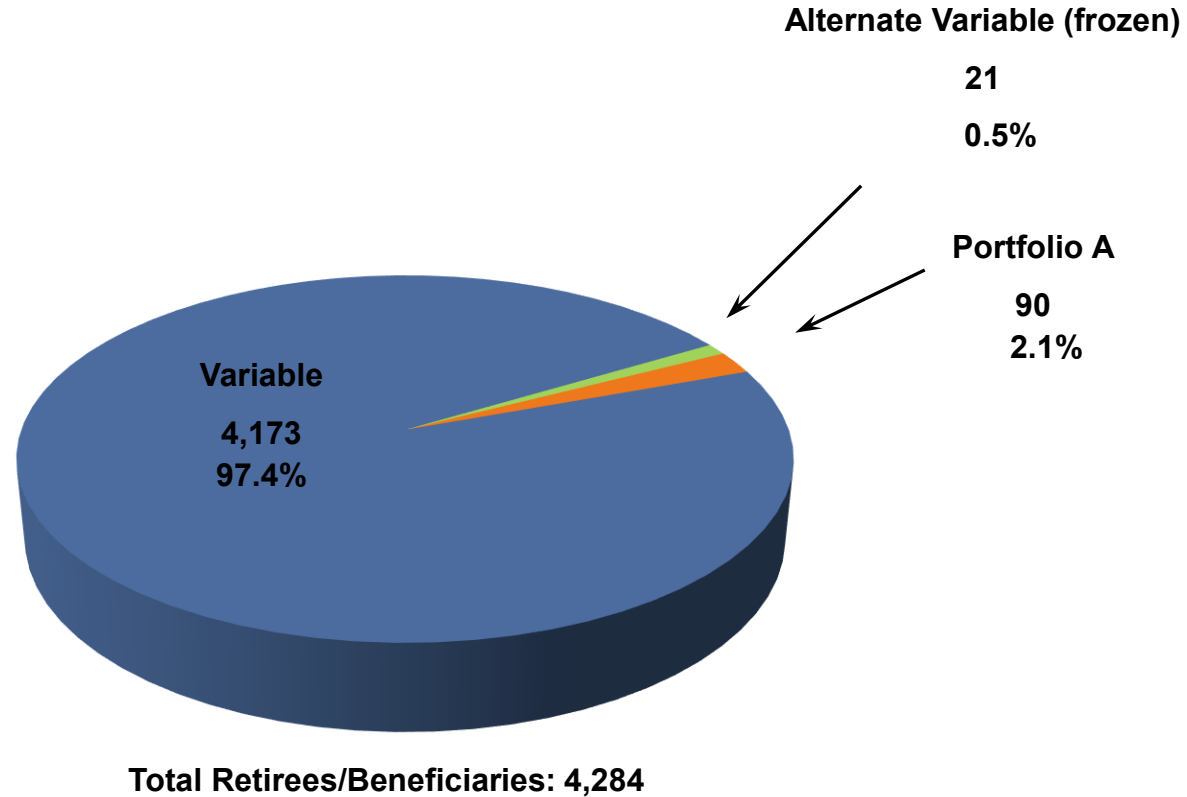
# Corporate Contribution



For Annuity Benefits

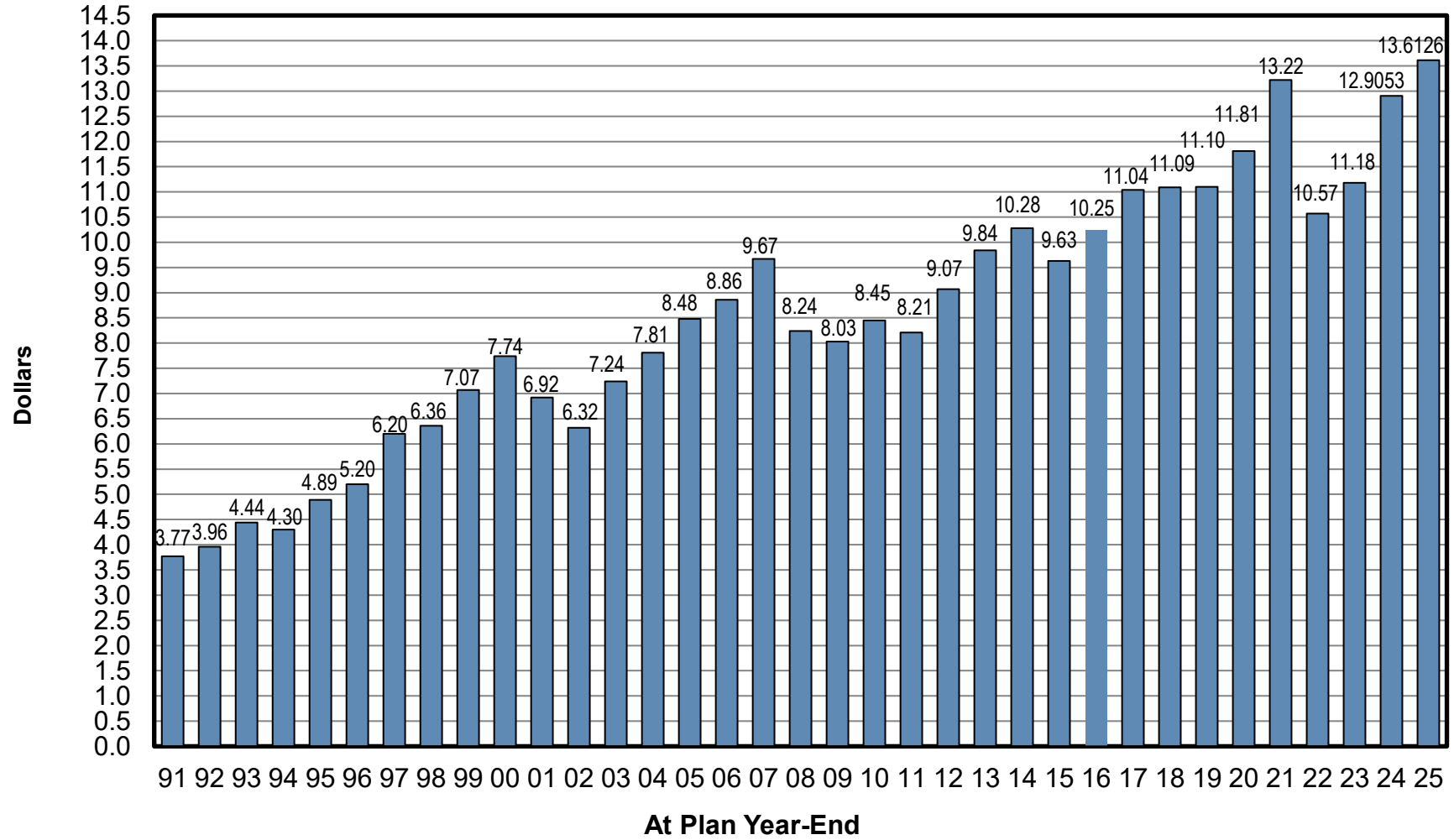


# Distribution of Retirees/Beneficiaries by Type of Variable Benefit Payments



September 30, 2024

# Variable Benefit



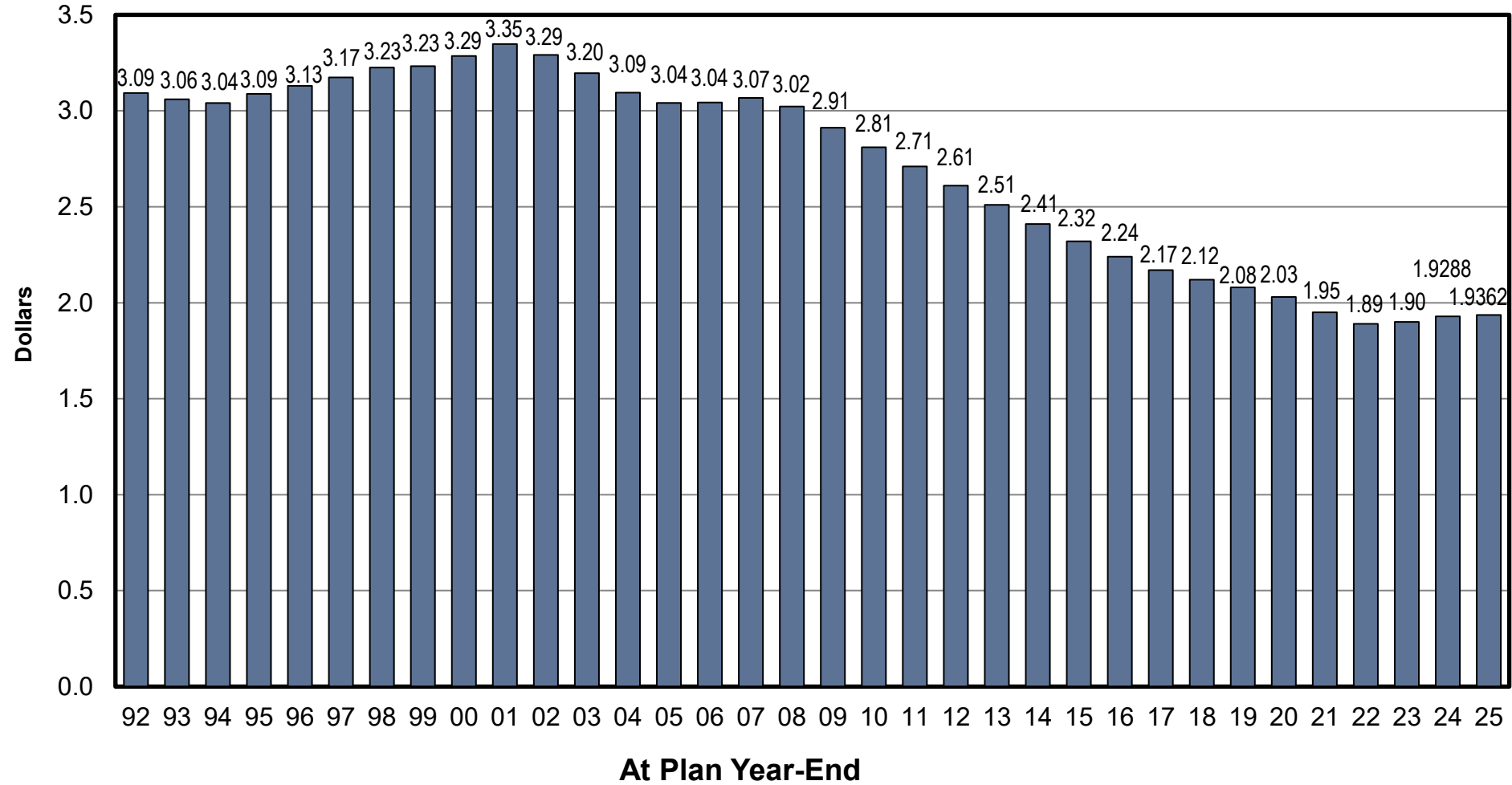
## Unit Value

# Alternate Variable Benefit

## T-Bills



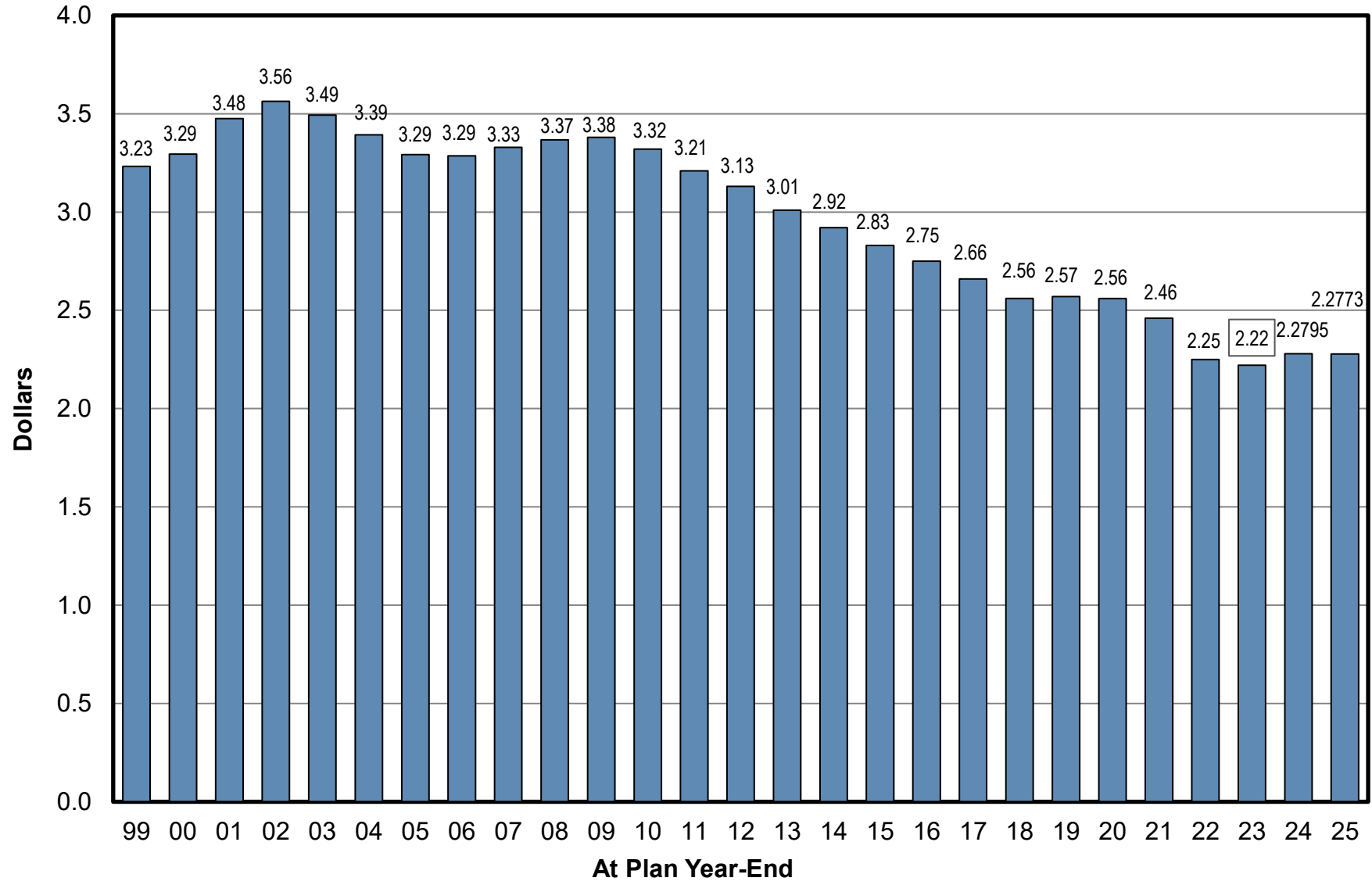
(Frozen Option Effective August 15, 1999 — No New Entrants)



Unit Value

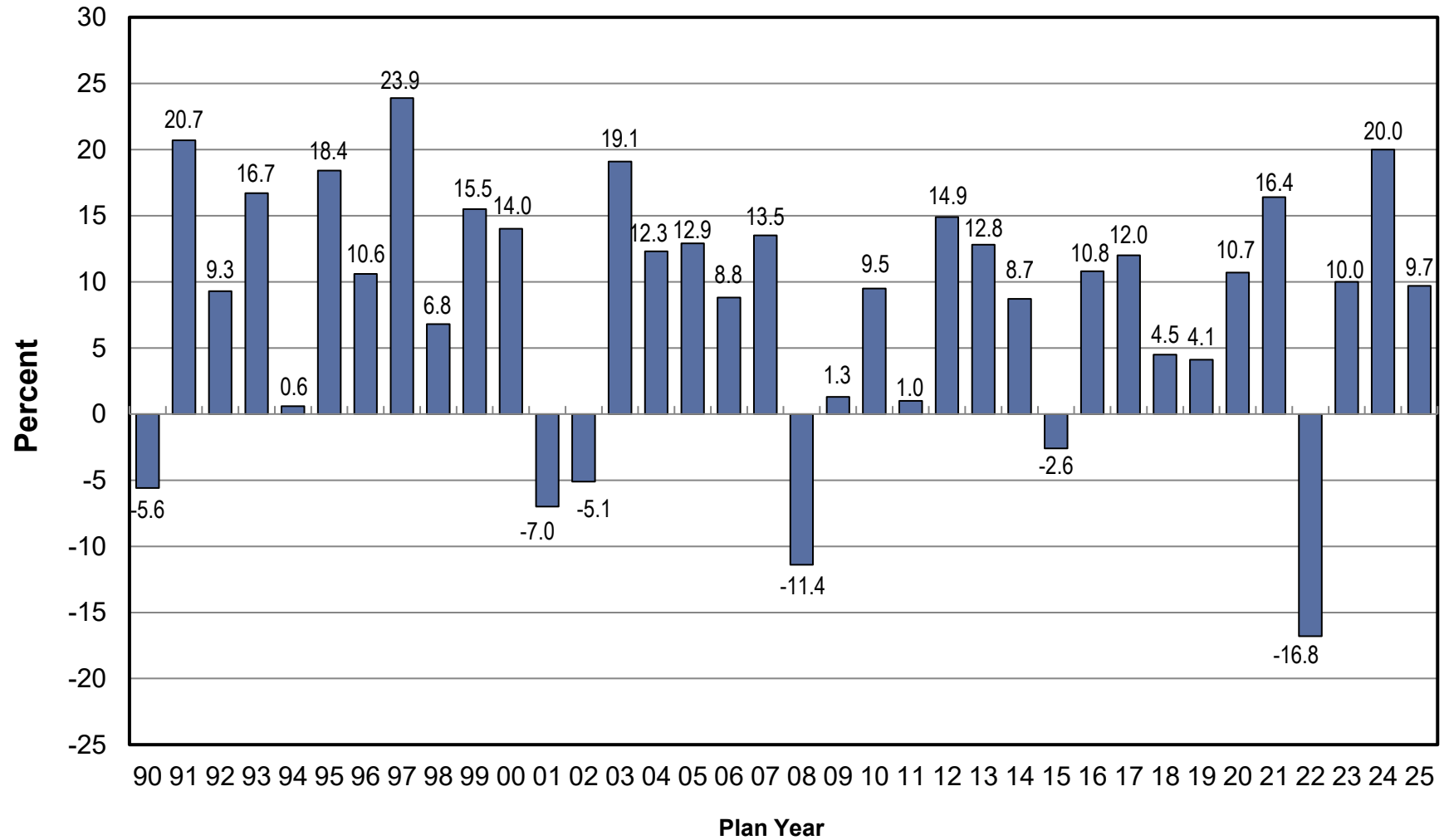
# Portfolio A Benefit

## Bonds



## Unit Value

# Annual Investment Performance

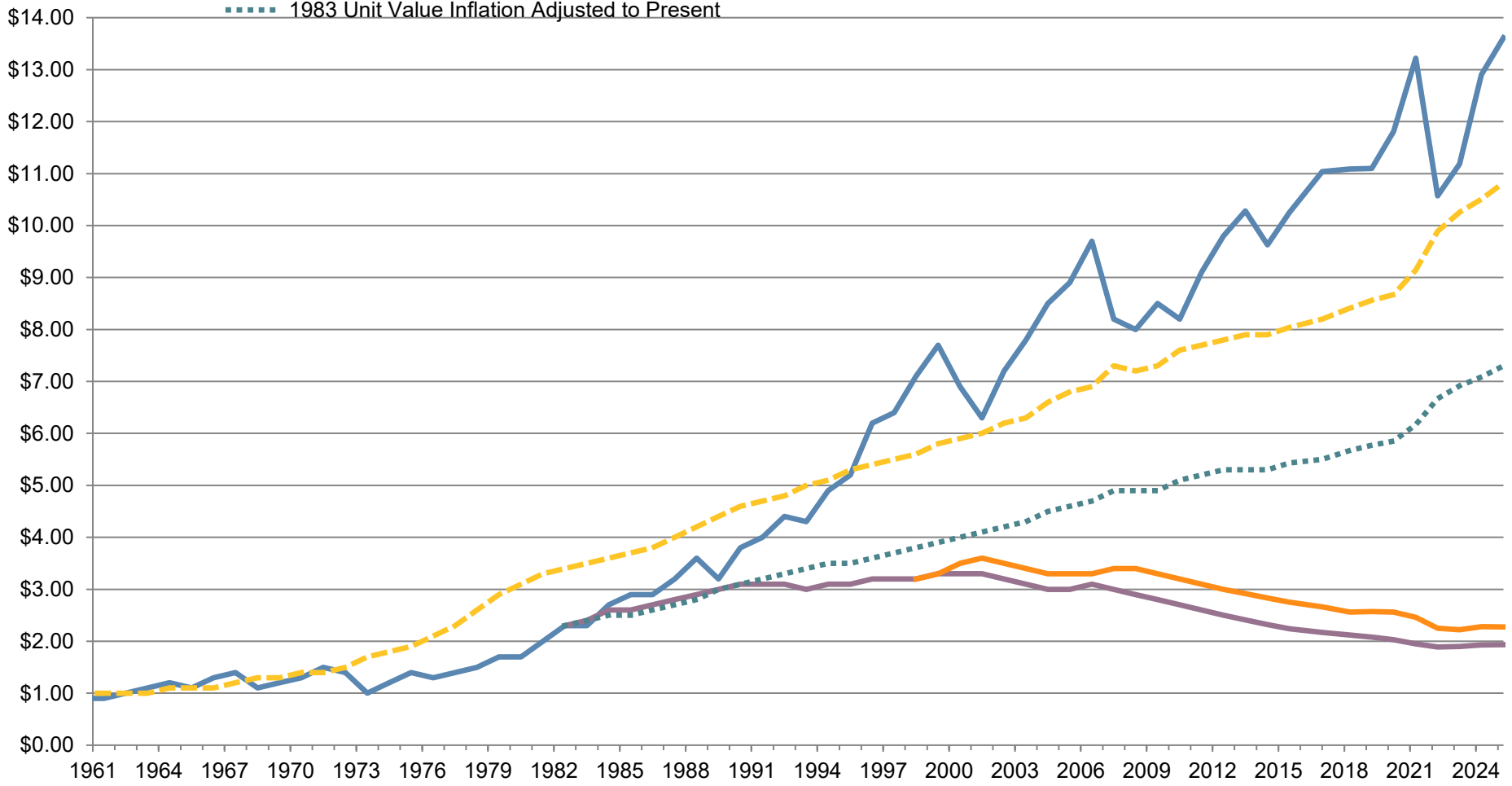


**Based on Performance of Plan Assets for Variable Benefits**



# Comparison of AERP Unit Values to Inflation

— Variable Units      — Alternative Variable Units  
— Portfolio A Units      - - - 1961 Unit Value Inflation Adjusted to Present  
- - - 1983 Unit Value Inflation Adjusted to Present



2025	
Variable Units	13.6126
Alt Var Units	1.9362
Port A Units	2.2773
1961 Unit Value	10.8227
1983 Unit Value	7.2999



# Allocation of Assets at Market Value

	Fixed Benefit Portfolio	%	Variable Benefit Portfolio	%	Variable and Fixed Portfolio Sub total	Percent of Total Assets
Common Stock						
Domestic	232.2	31.5%	423.2	30.8%	655.4	30.7%
International	144.6	19.6%	280.1	20.4%	424.7	19.9%
Fixed Income	344.3	46.6%	592.0	43.2%	936.3	43.9%
Real Estate	17.0	2.3%	76.6	5.6%	93.6	4.4%
Subtotal Fixed and Variable	738.1		1,371.9		2,110.0	98.9%
Other Assets						
Alternate Variable Fund					0.2	0.0%
Portfolio A					2.0	0.1%
Subtotal (Including Alt. Var. & Port A.)					2,112.2	99.0%
Optional Contributions					21.8	1.0%
Total Assets					2,134.0	100.0%



# Resources

**For retirement income planning, active employees can access the Pension Service Center [ESS website](#)**

- Educate yourself about your Aerospace retirement benefits
- Generate projections for AERP and 401(k)
- Model various retirement scenarios including pension, savings and social security benefits
- Identify shortfalls and fixes

**• Detailed information available to participants on the Aerospace [HR/Benefits website](#)**

- Copy of this briefing
- Audit financials report

**• Retiree website [retirees.aerospace.org](http://retirees.aerospace.org)**

**• Questions**

- Email your questions to [aerospacetotalrewards@aero.org](mailto:aerospacetotalrewards@aero.org)
- Answers will be posted on the Retiree and Benefits websites under FAQs



***Thank you***