

# **Pre-Retiree Retirement Guidelines To Pension Benefits at Textron**

These guidelines provide you with a list of the key items and necessary details and/or paperwork you will need before making that very important phone call to a Retirements Benefits Coordinator (RBC) at the

Fidelity Benefits Service Center

@ 1.866.698.9847

Being well prepared is the first step in facilitating the retirement election process as you manage the journey to a rewarding and deserving retirement.

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## Getting Ready To Retire From Textron Systems

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Retirement!

The Leap into the Uncharted Abyss!

More questions than answers: Do I have enough money? What am I going to do with all the extra time? Will I be bored?

The decision of “if and when to retire” is one that almost everyone faces with a certain amount of caution, curiosity and fear. It is not unusual or unhealthy to feel this angst for it represents the passage from one to another of life’s three major segments: childhood, productive adulthood, and retirement. Like all of life’s important decisions, it deserves attention and some expenditure of time and energy to attempt to make the best decision for oneself and one’s loved ones. Fortunately, many have gone before you and have left behind a history of lessons learned that may make your decision process easier.

When TSRA was first formed, its focus was primarily on the needs of colleagues who were retired. Over the years, TSRA grew in its awareness that the process of retirement was not one that properly started a couple of months before “the big announcement,” but rather one that had its beginnings years before. For this reason, in recent years TSRA has expanded its mission and membership to also serve the “pre-retirees” at TSC and to encourage anyone contemplating retirement to begin planning for their future retirement.

One of the products TSRA has developed in this mission is a document containing a list of essential questions that we believe everyone retiring should ask themselves and a roadmap of actions that will help the pre-retiree develop a plan for his or her retirement years.

This document, developed by the Chairpersons of the TSRA Retirement Benefits committee, is enclosed for your benefit. We trust you will find it informative and helpful.

**Get ready** for “the best time of your life!”

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## Background:

This guide was developed by Textron Systems Retirees Association (TSRA) Retirees Benefit Affairs Committee (RBAC) to provide a transition aid to the pre-retiree of Textron Systems in the retirement process.

Key elements of this guideline are color coded in **Green**, **Blue** or **Red** to highlight the varying specifics based upon an employee's personal data and employment history with Systems Division of Textron Corporation.

## Key to the Color Code:

**Green** – Data you should gather before you contact a coordinator at HR Textron/Fidelity Service Center.

**Blue** – Data that is based upon one's employment history, one's marital status and/or beneficiary and may not be applicable to every employee.

**Red** – Data that you may need to gather for additional information.

## Getting Started:

This guide will prepare you for completing the required pension benefit forms once received from the Fidelity Benefits Service Center. It will prompt you to gather specific information in order to be proactive with your transition to retirement.

A little work and preparation now may save countless iteration with your benefits coordinator and could make the retirement process easier, faster and relatively painless.

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## 1. Am I Eligible?

You become eligible to participate in the Textron Retirement Plan when you begin receiving compensation through Textron employment that is covered by the Plan and you are or have been working for 1,000 paid/compensated hours or more per year.

On January 1<sup>st</sup>, 2007 Textron Corporation revised the early and normal retirement rules that apply to your benefit under the *Textron Retirement Program (TRP)*. Under this new plan there are differences that need to be considered before taking the next step forward, namely, those benefits earned prior to 2007 under the Textron Master Retirement Plan (TMRP).

*Please review your current TRP as well as the TMRP if you are contemplating early or normal retirement.*

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### 2. Your Current Benefit of the Textron Retirement Plans

If you have not visited the Fidelity Benefits Service Center website to review your current Retirement Benefit, please do so before continuing. Fidelity's website is:

[www.netbenefits.fidelity.com](http://www.netbenefits.fidelity.com)

To visit this site you will need credential codes, usually referred to as a **Customer Identification (ID)** and **PIN**. Credential codes should have been established by you when Textron engaged Fidelity as its HR agent.

If you have lost your credential codes to enter the system, please call the Fidelity Benefits Service Center @1.866.698.9847. Fidelity will then reset and request that you generate a new **PIN**. The process is easy and will take less time than you think to complete.

*Guard your Customer Identification and PIN with the utmost security.*

*It is suggested that your ID and PIN codes be changed from time to time.*

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### 3. Pension Benefit Commencement Date

The benefit commencement date is generally the date of retirement or the date you are electing to commence your pension benefit.

You should begin to prepare for retirement **180 calendar days** before you actually wish to receive your pension benefit. During this time you need to address and confirm the following:

- that you are vested in your pension plan (refer to item 1)
- it is within 180 calendar days of your benefit commencement date
- that you meet all the requirements of your plans participation criteria

You should also view your current pension benefit options on Fidelity's website:

@ [www.netbenefits.fidelity.com](http://www.netbenefits.fidelity.com)

and make a copy for your records. The figures that will appear on your screen will be less than your final pension benefit for every option available to you, but will give you a quick snapshot of what you may expect when you set the final date of commencement and select your benefit payment option. The rationale for differences in your pension benefit as viewed on the screen versus when received is due to the actual commencement date of your pension benefit.

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### 4. Were you employed by AVCO Corporation prior to the Textron merger?

*The following possible additional benefit is only available to former AVCO employees:*

If you were an employee of AVCO Corporation prior to November 1983, you *may* have an additional retirement benefit as well as federal tax exclusion or offset for some portion of that benefit if:

- *all your prior contributions* to the AVCO Retirement Plan remained in that plan, *and*
- *none of your contributions* were rolled over to the Incentive Savings Plan (ISP) then available to those AVCO employees.

**OR**

You may take a one time lump sum payment for all your prior contributions plus interest to the AVCO plan or leave all contributions and interest within the TMRP plan. If you request to receive a lump sum distribution of all your prior contributions and interest, your combined portion of the AVCO retirement benefit will be less.

Additionally, there will be a tax liability in the year that you withdraw the funds for all prior AVCO Corp's retirement contributions and interest earned.

If you opt to leave your contributions within the plan, your monthly pension will be greater and a portion of the benefit could be non-taxable as well.

*It is suggested that you consult your personal financial advisor or tax attorney before making this very important decision.*

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### 5. What are my Pension Options/Beneficiaries?

There are many options that you need to consider when determining your *Pension Payment Option* selection. If you are married, you need to discuss the payment options with your spouse and even possibly your financial planner or tax attorney to determine the option that best fits your current as well as future financial picture.

Please note, that you will *not be permitted* to change your *Pension Payment Option* once your pension payments commence.

Listed below are the current plan options available within the Textron Retirement Program Plan:

- **Single Life Annuity:** 100% to the Employee **ONLY**. Please review for any current updates regarding minimum payout periods for employees choosing this form of payment with your Fidelity Benefits Service Center Coordinator.
- **Joint and 50% Survivor Annuity:** 50% to the Employee and 50% to his or her Beneficiary
- **Joint and 75% Survivor Annuity:** 75% to the Employee and 75% to his or her Beneficiary
- **Joint and 100% Contingent Annuity:** 100% to the Employee 100% and 100% to his or her Beneficiary

OR

- If you were a prior employee at AVCO Corporation you may select another option available identified as:
  - a) Year Certain and Continuous Portion to the Employee and to his or her beneficiary
  - b) Residual Benefit Payment Option to Employee

Please consult your *Textron Retirement Program Plan* and your coordinator at the Fidelity Benefits Service Center if you wish additional information about this feature.

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If the employee is married at the Benefit Commencement Date and elects a payment option other than a qualified Joint & 50% Survivor Annuity with your spouse as the beneficiary, or if you elect a beneficiary other than your spouse, federal law requires that you provide *spousal consent form and have it witnessed by a Notary Public. Federal law also requires that you provide this notarized spousal consent less than 90 days before benefit begins.*

### 6. What are the Definitions of the Annuity Options?

**Single Life Annuity:** A monthly benefit for ***your lifetime only***. Benefit payments will end at your death.

*Please review for any current updates regarding minimum payout periods for employees choosing this form of payment with your Fidelity Benefits Service Center Coordinator.*

**Joint and 50% Survivor Annuity:** A reduced monthly benefit for ***your*** lifetime. The benefit is based on ***your*** and ***your*** beneficiary's life expectancy. If you die before ***your*** beneficiary, payments will continue to your beneficiary at the elected survivor level. If ***your*** beneficiary dies before you, *no further benefit payment* will be made after ***your*** death. Additionally, ***you may not change your beneficiary after your Benefit Commencement Date.***

**Joint and 75% or 100% Survivor Annuities:** Same as 'Joint and 50% Survivor Annuity.' Please see description above.

**Year Certain and Continuous Annuity:** (This Annuity Plan May Not Be Available to Every Employee) A monthly benefit for your lifetime, but in ***no case*** will your benefit payments be less than a guaranteed period of years. The time period is usually 20 years. (Please consult your *Textron Retirement Program Plan* and your coordinator at the HR/Textron Fidelity Service Center for your guaranteed time period). After the guaranteed period, payment will continue for as long as you live. If you die before the end of the guaranteed period, your beneficiary will receive monthly payments for only the remaining time of the guaranteed period.

**Residual Benefit Payment:** (This Annuity Plan May Not Be Available to Every Employee) the residual benefit is an annuity payable for your lifetime only with one of the prior plan form of payment. The residual benefit represents your benefit for service after the prior plan.

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### 7. If I Retire Before Age 65 will My Pension be Reduced?

Yes. The amount of your Pension will be permanently reduced. Consult your *Textron Retirement Program Plan* for complete details. At the time of this writing there was a 5% reduction in benefits for each year by which your age when your benefit starts is less than 65. However, you may be able to commence an unreduced pension benefit prior to the normal date of 65 based on certain age and service requirements. Be aware once you elect to receive your retirement pension there are **NO yearly cost-of-living adjustments**.

### 8. Is My Retirement Pension Benefit Taxable?

Generally yes. Pension payments from the *Textron Retirement Program Plan* are considered taxable income by both your state and the IRS in the year you receive the benefit. There is an exception however, that a portion of your benefit may not be taxable (see item 4). Please consult your personal tax advisor concerning this issue.

### 9. Am I Eligible for Carryover Life Insurance?

Most employees will be entitled to a \$5,000.00 carryover life insurance contract that will flow down to you after retirement. Although you will not receive the actual contract as if you purchased a life insurance contract, you will receive a hard copy or you may view this coverage certificate on-line at Fidelity. The actual contract data held by Fidelity must be kept up-to-date yearly with inputs from you as applicable, namely your chosen beneficiary as well as your current contact data. You should store a copy of the Insurance Certificate with the rest of your Estate Documents. Please consult your *Textron Retirement Program Plan* for complete details as well as your coordinator at the Fidelity Benefits Service Center.

*There will be a yearly reminder posted to TSRA's website as well the  
Newsletter*

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### 10. What Type of Data do I Need to Gather or Provide to the HR Textron/Fidelity Service Center in Order to Collect My Pension Benefit?

Certain forms and or copies of certificates about you and your spouse, if applicable, as well as how you wish to receive your pension benefit will be requested or required. It is to your benefit to be **PREPARED** in order to avoid potential delays in the retirement application process.

Items that you will need to file your application with Fidelity (but not limited to) are:

- Employee's birth certificate
- Employee's spouse birth certificate, if applicable
- Employee's marriage certificate, if applicable
- Copy of a VOIDED check if you plan on Direct Deposit of your Pension payment to your bank. If you use this feature you will need the following information:
  - a) Name of account owner
  - b) Type of account (checking or savings)
  - c) Name of bank that will be the recipient of your pension check
  - d) Account number
  - e) Bank routing number

### 11. Medical Insurance for an Employee's Spouse (under age 65) after Your Retirement

If you are an employee that is retiring at age 65 or plus years, filing for Medicare, married with a spouse (under age 65) who was a dependent on your Textron medical insurance, you will need to have a letter written by a Textron - Wilmington, MA Human Resource person that will substantiate his or her prior coverage. This is not a Textron requirement, but a requirement of your private future carrier of health insurance.

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### 12. Collecting Your Pension

To begin the process, call the Fidelity Benefits Service Center (1-866-698-9847) to request a Retirement Pension Benefit based on your elected separation date and your Benefit Commencement Date. Their business hours are 8:00 AM to 5:30 PM EST. This request should be made at least 45, but not more than 90 days, before your desired Benefit Commencement Date. Within five business days you should receive a *'Retirement Kit'*, containing all the necessary forms. The form(s) you can expect to receive (but not limited to) are:

- Payment Election Form: This form requests data about you, the employee, and your spouse, if applicable, regarding Social Security number(s), telephone contact data, and when you wish your pension to begin, along with the following sub items.
  - a) Payment option
  - b) Beneficiary designation
  - c) Spousal consent (if applicable)
  - d) Signature of employee
- W-4P Withholding Certificate for Pension or Annuity Payments: This form is a Department of the Treasury-Internal Revenue Service form. The form asks you to fill out your Personal Allowances (number of dependents, if applicable).
- State Income Tax Withholding Form: This form requests data from you regarding your decision to have 'State Withholding Taxes' deducted from your pension benefit. Your Textron pension benefit is **taxable** if you live in Massachusetts or any other state that has a state income tax.
- Direct Deposit Form for Your Monthly Pension Benefit: If you wish to have your monthly pension payment automatically deposited into your personal checking and/or savings account, you will need to complete this form and include a **voided** copy of one of your personal checks.

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- Designation/Change of Beneficiary for Special Death Benefit: This form requests data about you, your Primary Beneficiary, and/or contingent Beneficiary, if applicable.

Additional required data that you need to provide:

- A copy of your birth certificate
- A copy of your spouse's birth certificate, if applicable
- A copy of your marriage certificate, if applicable