

## Frequently Asked Questions: Pension

### 1. What changes is Hawker Beechcraft making to its pension plans?

- Under the terms of the agreed approach, we estimate that 100 percent of union plan participants and more than 99 percent of non-union pension plan participants will receive the full amount of pension benefits that have already vested.
- According to the terms of our agreed approach, accrued retirement benefits for participants in our hourly/union plan will remain the responsibility of Hawker Beechcraft.
  - The agreement with the union is subject to approval by its membership.
- Hawker Beechcraft will seek permission from the bankruptcy court to “terminate” the base and salaried plans. Following termination, the PBGC will pay benefits to vested participants in the base and salaried plans in much the same way we do.
  - The precise benefit you ultimately receive will be subject to the specifics of your situation and relevant PBGC rules. However, as an example, an individual retiring at age 65 who does not elect survivor benefits could receive up to \$56,000 per year.
  - The agreement with the PBGC is subject to documentation acceptable to the parties and approval by the Bankruptcy Court.

### 2. What does “plan termination” mean?

- “Plan termination” is the legal term used to describe the process by which the PBGC assumes administration of a pension plan if the employer is in financial distress and the plan does not have enough money to pay all pension benefits owed to participants.

### 3. What is the PBGC, and what does it have to do with my pension?

- The PBGC, or the Pension Benefit Guaranty Corporation, is a government agency that pays monthly retirement benefits when an employer is no longer able to do so.
- The PBGC will pay benefits to vested participants in the base and salaried plans in much the same way we do. The precise benefit you ultimately receive will be subject to specifics of your situation and relevant PBGC rules.
- Hawker Beechcraft, like many other companies, has paid the PBGC premiums over the years to insure our pension plans and protect the retirement security of our employees and retirees.
- You can find more information at: [www.pbqc.gov/about/faq/pg/general-faqs-about-pbqc.html](http://www.pbqc.gov/about/faq/pg/general-faqs-about-pbqc.html).

### 4. Why is Hawker Beechcraft only retaining responsibility for the union plan and not the base or salaried plans?

- The restructuring process requires us to make difficult decisions, taking into careful consideration the requirements placed on us by our lenders and a challenging market for our products and industry generally.
- After extensive analysis and very careful consideration, we determined that this agreement is critical to preserving as many jobs as possible and emerging from this process in the strongest operational and financial position.
- This decision was reached after extensive negotiations with the PBGC and our lenders. The support of both the PBGC and our lenders is critical to our ability to emerge from Chapter 11 as quickly as possible.

**5. What do I need to do now?**

- For non-bargaining unit employees, no action is necessary at this time. If the court approves the agreement, you will receive additional information from the company.
- For bargaining unit employees, the International Association of Machinists has scheduled a vote of its members for the morning of Friday, Aug. 24.
- In the meantime, those of you who currently receive a pension under any of the three plans will continue to receive your benefits in the same amount and manner you do now.

**6. What will happen to vested pension benefits I have already accrued?**

- You will retain any vested benefits you have already accrued. This means that the company or the PBGC will pay you all the pension benefits that you have earned so far, subject to the specifics of your situation and relevant PBGC rules.
- After the plans are terminated/frozen, no future pension benefits will be earned.
- The company and the PBGC will pay out benefits to vested plan participants in much the same way we do currently.

**7. What happens to benefits that haven't vested?**

- Benefits for employees with less than five years of vesting service as of the plan termination date will not be guaranteed by the PBGC or Hawker Beechcraft.
- Over the coming months, every employee will receive details about their individual benefits.

**8. Can I receive my benefit in a lump sum?**

- Hawker Beechcraft will pay out vested benefits to union employees according to the current terms of the plan.
- The PBGC normally pays benefits in monthly payments for life or over the joint lives of you and your spouse rather than as a lump sum. However, if the total value of your benefit is \$5,000 or less, you may be able to receive it in a single payment.
- Over the coming months, every employee will receive details about their individual benefits.

**9. Can I earn additional benefits after my plan's transfer date?**

- No. You cannot earn additional benefits after your transfer date.
- The company currently utilizes a defined contribution plan, known as the Retirement Income Savings Plan, for employees hired after Jan. 1, 2007. A similar plan will be used for all employees moving forward.
- Over the coming months, every employee will receive information about this plan and details about their individual benefits.

**10. What does this do to my 401(k)?**

- Your 401(k) will not be impacted.
- This only affects the company's defined benefit pension plans.

**11. Will the retirement plans that replace the pension plans provide me with the same benefits?**

- The company currently utilizes a defined contribution plan, known as the Retirement Income Savings Plan, for employees hired after Jan. 1, 2007. A similar plan will be used for all employees moving forward.
- The replacement defined contribution plan is designed to provide you with adequate retirement savings once you add it to your vested pension benefit. However, unlike the pension plan, there is no stated retirement benefit payable at 65. You will receive your entire account balance at retirement, which can be rolled over to an IRA and continue to be invested and grow tax deferred.
- This benefit will be in addition to the pension benefit paid by the company or the PBGC to pension plan participants to eligible recipients.

**12. I am retired and have been getting a monthly check from my pension plan. What happens now?**

- You will continue to receive your monthly pension check.
- For union employees, you will continue to receive your benefits from the company in the same way you do currently.
- For participants in the base and salaried plans, following termination, the PBGC will pay out benefits to retirees in much the same way we do currently, subject to the guaranteed amounts.
- You can find more information regarding the PBGC at [www.pbgc.gov/about/faq/pg/general-faqs-about-pbgc.html](http://www.pbgc.gov/about/faq/pg/general-faqs-about-pbgc.html).

**13. I am between 62-65 years old and am already eligible or have begun to receive benefits under the Hawker Beechcraft plan. How would this transfer affect me?**

- For union employees, there will be no change.
- For participants in the base and salaried plans, the PBGC's maximum guarantee is adjusted for those who elect to retire at ages younger than 65.
- This differs from our existing plans, which allows participants to retire at age 62 and collect full benefits. That will no longer be the case.
- If you retired prior to age 65, your benefits may be reduced if the PBGC assumes administration of our plans. In that case, the PBGC will inform retirees regarding any reduction in their retirement benefit because of the PBGC guarantee.
- Additional information is available at [www.pbgc.gov/wr/benefits/guaranteed-benefits/maximum-guarantee.html](http://www.pbgc.gov/wr/benefits/guaranteed-benefits/maximum-guarantee.html).