



Summary of 2019 Last, Best & Final Offer

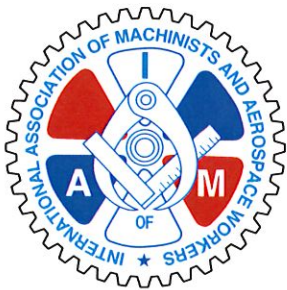
The proposed agreement would cover the period between October 7, 2019 and October 7, 2023.

Your IAM Bargaining Committee unanimously recommends ratification of this four-year agreement that delivers wage improvements, retirement contributions and a strong benefits package.

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Local Lodge 776-F



\$3,500 Ratification Bonus; GWI Increases; No Lump Sums!

- \$3,500 Ratification Bonus in 2020.
- 3.0% General Wage Increase in 2019.
- 2.5% General Wage Increase in 2020.
- 2.5% General Wage Increase in 2021.
- 3.0% General Wage Increase in 2022.



Cost of Living Payment

- Annual COL Payment of \$800 for all eligible employees
- No COLA Formula

New Health Care Options and Added Health Savings Account with Company Contributions

- In 2020, LMHealthWorks will be replaced with new High Deductible Health Plans (HDHP). You can choose among three different HDHP designs that range in premium costs and deductibles.
- The company will pay 90% of the annual plan cost.
- If you enroll in a new HDHP in 2020, you will receive a one-time company contribution of \$1,250 (individual)/\$2,500 (family) to your Health Savings Account (HSA).

Improvements to Retirement Plans

- Improvements to Hourly Capital Accumulation Plan. For eligible members, the company will contribute \$500 per quarter. Effective 4Q 2019.
- Increase to the Hourly Savings Plan Plus, the company will match 60% up to \$72 per week of your contributions.

Pension – NO FREEZE

- 2019-2021 pension remains **\$100 per year** of credited service.
- **\$102 per year** of credited service for retirements commencing on or after January 1, 2022.

Time Off – Improved Flexibility

- Employees' personal business will be granted all up front on January 1st of each year.
- 60 hours of personal business are eligible to carry over each year.
- Probationary Employees are eligible to utilize vacation and personal business after 90 days.



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Pay Improvements

IAM Delivers Improved Wages, Cash Bonus, and Long-Term Wage Growth

Your IAM Bargaining Committee negotiated a competitive package that provides increases in wages over the next four years. This includes a ratification bonus and General Wage Increases.

Contract Provides Ratification Bonus

You will receive a ratification bonus of **\$3,500 pre tax in February 2020**, which allows you the choice to deposit this, TAX DEFERRED, into your Health Savings Account (HSA) that becomes available to eligible employees when the HDHP goes into effect in 2020. You can also choose to receive the bonus as CASH or TAX DEFERRED when deposited to your Hourly Savings Plan Plus (HSP), or you can split your payment in \$500 increments into each of the three options. If you elect to retire prior to the payment of this ratification bonus in February 2020, you will be eligible to receive the bonus. **Contract must be ratified on September 28, 2019 by 3 p.m. CT.**

Yearly General Wage Increases

- 3.0% General Wage Increase in 2019.**
- 2.5% General Wage Increase in 2020.**
- 2.5% General Wage Increase in 2021.**
- 3.0% General Wage Increase in 2022.**



Breakdown of Wage/Bonus Increases



Wage Growth

\$87,859 Average yearly income for the members of District Lodge 776-F

2019	\$90,494 (3.0%) Increase of \$2,635 from 2018	
2020	\$92,757 (2.5%) Increase of \$2,263 from 2019	
2021	\$95,076 (2.5%) Increase of \$2,319 from 2020	
2022	\$97,928 (3.0%) Increase of \$2,852 from 2021	

More Than
\$24,819*
in Compounded
Wage Growth over the
Agreement

* Assumes average hourly rate of \$42.24. Excludes overtime.

Cash Bonuses*	
2019	\$800 pre-tax COL Payment
2020	\$4,300 pre-tax COL Payment & Bonus
2021	\$800 pre-tax COL Payment
2022	\$800 pre-tax COL Payment
\$6,700 pre-tax Over the life of the agreement	

* Eligible Employees



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Retirement Plans

IMPROVED Retirement Savings with Increased Company Contributions

Your retirement is important and the IAM secured improvements, as listed below, for all eligible members to their retirement and saving plans. Eligible members who have the Hourly Savings Plan Plus (HSP) and Hourly Capital Accumulation Plan (HCAP) receive company contributions.

How Does Your Retirement Savings Grow During the Life of the Contract?

Hourly Savings Plan Plus

\$72/wk + \$43.20/wk

Employee Contribution

Company Contribution

\$26,512

Agreement Total Value:

Hourly Savings Plan Plus Company Contribution Increases

The company will match 60% up to \$72 per week of your employee contributions, that compares to \$63 in the previous agreement. This is a **14% improvement!** You may now increase their unmatched contributions up to the IRS limit.



Hourly Capital Accumulation Plan

\$500/quarter

Company Contribution

\$8,851

Agreement Total Value:

Improvement to Accumulation Plan Contribution By the Company

The company will also make contributions to the Hourly Capital Accumulation Plan. Eligible members hired or rehired on or after June 10, 2013 will receive a company contribution of \$500 per quarter for the life of the agreement. This is a **25% increase** from the \$400 quarterly contribution in the current contract.



\$35,363

**Total Value of Retirement Contributions
Over the Life of the Agreement***

**Retirement value assumes an IAM Employee, working 40 hours weekly, with an average base rate of \$42.24 in 2018. Value is over the life of the contract with 5% growth. Illustration does not include retirement contributions before October 7, 2019 and represents total value of retirement contributions over the life of the agreement for eligible employees.*



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Pension & Retiree Medical

IAM Protects Pension and Retiree Medical

Your IAM Bargaining Committee fought to protect your long term financial security with improvements to pension plans for eligible members. The IAM also secured improvements to retiree medical, creating further stability and security for members who retire from the company.

Pension Increase Provides More Financial Security for Retirees

Your Bargaining Committee **secured** the highest union pension benefit in the company. Employees who commence retirement between January 1, 2019 and December 1, 2021, will receive **\$100 per year of credited service**. Employees who commence on or after January 1, 2022 will receive **\$102 per year of credited service**.

Improved Under-Age 65 Retiree Medical

Company **subsidy increased to \$7,000 (Retiree) or \$14,000 (Retiree+1)** annually. This is a **13 % increase** from the current contract.

2019-2021

Pension benefit **remains \$100** per year of credited service.

* 30 years of credited service

\$36,000*
Per year upon retirement

Retirees After 2022

Pension benefit **increases 2.0% to \$102** per year of credited service.

* 30 years of credited service

\$36,720*
Per year upon retirement

Improved Bereavement Leave

Paid Bereavement Leave for all members

You will have up to 40 HOURS of paid bereavement leave per occurrence to match the company policy. The leave can be used for paid time off in the event of a death of an immediate family member. The definition of immediate family member was also expanded to match the company policy.



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Health Care Benefits – Your Medical Plan Options

New Health Care Options

Your IAM Bargaining Committee secured health care options for members. LMHealthWorks is replaced by new High Deductible Health Plans (HDHP) paired with a tax free Health Savings Account (HSA).

New Health Plans Provide More Choices and Ability to Pay for Medical Expenses with Tax Free Health Savings Account

In 2020, LMHealthWorks will be replaced with High Deductible Health Plans. You have the option to participate in the new HDHP offerings, which provide at least three different plan designs. All options cover the same types of services, pays benefits after you meet the deductible and provides preventive care at no cost. Your geographic region determines your plan carriers, which may include CareFirst BlueCross BlueShield and Cigna. As part of the HDHP offerings, you will be eligible to participate in a Health Savings Account (HSA) to help offset your medical expenses. The HSA includes many tax advantages and company contributions.

3 HDHP Medical Plans

90% Company Paid Premium **10%** Employee Paid Premium
Improved Premium Costs!

Medical Plan Designs (single/family)	Monthly Premium	Annual Deductible
HDP1 Deductible: \$1,600/\$3,200 Out of Pocket: \$3,200/\$6,850	\$\$\$	\$
HDP2* Deductible: \$2,400/\$5,100 Out of Pocket: \$3,200/\$6,850 <small>*Individual Cap on Out of Pocket Maximum limited to \$6,850</small>	\$\$	\$\$
HDP3* Deductible: \$3,500/\$6,850 Out of Pocket: \$6,500/\$13,100 <small>*Individual Cap on Out of Pocket Maximum limited to \$6,850</small>	\$	\$\$\$

Out of Pocket Maximum Provides Enhanced Financial Protections.
In-network

Weekly Employee contributions are capped:

	Employee	Employee +1	Employee +2 or more
2020	\$25	\$50	\$75
2021	\$30	\$60	\$90
2022	\$40	\$80	\$120

Annual Wellness Incentives

Health Coaching - \$100
Health Survey - \$100
Biometrics Screenings - \$300

Every Year!

Incentives are subject to change.

Up to
\$500
Annual for
Employee and
Spouse Each

Tax Free Health Savings Account:

Tax Advantages & Grow Your HSA with Company Provided Contributions



Potential HSA Contributions in 2020 for eligible employees

2020 Example:

\$2,500
One-Time Company HSA Contribution for Family Coverage (\$1,250 for Single Coverage)

\$3,500
Ratification Bonus

\$1,000
Annual Wellness Incentives for employee and spouse

\$800
COL Payment

\$7,800

Enjoy the Many Benefits of a Health Savings Account

- No use it or lose it - You keep all contributions (including company contributions); even if you leave the company.
- Tax free contributions, earnings & withdrawals. NO FICA
- Use your HSA debit card to conveniently pay for health care expenses.
- Potentially grow your balance by investing portions of your funds in investment accounts.
- At age 65, you can make penalty free withdrawals for any reason and continue to receive tax-free benefits for qualified medical expenses, including Medicare premiums.
- Annual contribution limits and eligibility are determined by the IRS.



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Other HDHP Benefits

Prescription Drug Coverage

If you enroll in the new High Deductible Health Plans (HDHP), CVS Caremark will be the prescription drug provider for most medical plans. You don't have to fill prescriptions at CVS and there is no mail order requirement. There are thousands of in-network pharmacies across the country. HDHPs combine medical and prescription drug deductibles, so both types of expenses count toward the common deductible and out-of-pocket maximum. Once you have reached the deductible, you will pay 20% coinsurance subject to copay minimums and maximums. Certain medications on the Preventive Drug List bypass the deductible, so you'll only pay the 20% coinsurance/copay maximum at in-network pharmacies.

Other Benefit Offerings

New Programs and Benefits for IAM Planners and their Families

A variety of insurance plans continue to be available to you, including both company-paid and optional employee-paid programs. Improvements made to these plans are shown below, plus information on other offerings, including new voluntary benefits.

Additional Health Benefits

Improved Dental Benefits

You will have at least two Preferred Provider Options (PPO) dental plans: a Dental Plan Core and a Dental Plan Enhanced. Each plan offers a **15% increase** in annual maximums! Depending on your home address, they will be offered through Aetna or Cigna. In addition, you may also have a Cigna Dental HMO available. The company will pay 100% of the plan costs for Dental HMO and Core dental plans. You can buy-up to the Enhanced plan for an additional cost.

Improved Vision Benefits

Vision insurance will change to VSP Vision Care. During Annual Enrollment you can choose between two coverage levels, Vision Plan Core or Vision Plan Enhanced

coverages. The company will pay 100% of the plan cost for the Core vision plan. Both plans include a \$10 copay for all visits, \$25 copay for materials and increased allowances for frames and contacts. You can buy-up to the Enhanced plan for an additional cost.

Health Advocate

Health Advocate is a third-party service whose representatives are experts in navigating your health care system. They understand the Lockheed Martin health plans and can help you coordinate with your health insurance carrier and doctors. You and your family will have access to benefit experts that can help you understand insurance claims, cost of treatment options, and scheduling appointments.

Group Universal Life Insurance

During the 2020 Annual Enrollment Period, you will have the opportunity to purchase additional employee life insurance through the Group Universal Life Insurance plan and no Proof of Insurability will be required for 1X your current level.

Short-Term Disability

For leaves commencing on or after January 1, 2020, the weekly maximum short-term disability benefit has **improved from \$380 to \$410 weekly**. The company pays the full cost for this coverage.

Life, Accidental Death and Dismemberment Insurance

Life, Accidental Death and Dismemberment Insurance has **increased from \$37,000 to \$43,000** under each plan if actively at work as of January 1, 2020. The company pays the full cost for this coverage.



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New Optional Benefits

Accident Insurance

Most major medical insurance plans only pay a portion of the associated expenses. With the Accident Insurance Plan, you receive additional financial support. The coverage pays a cash benefit, in addition to your medical benefits, that correspond with hospital and intensive care confinement. The cash benefit is payable directly to you and can be used to help pay for deductibles, treatment, rent and more. You can elect to enroll in the accident insurance plan during Annual Enrollment.

Hospital Indemnity Insurance

Hospital Indemnity insurance provides additional financial protection for hospital stays when a sickness or injury occurs. The coverage pays a cash benefit, in addition to your medical benefits, for hospital confinement. The cash benefit is payable directly to you and can be used to help pay for deductibles, treatment, rent and more. You can elect to enroll in the hospital indemnity plan during Annual Enrollment.

Critical Illness Insurance

The Critical Illness insurance provides additional financial stability, beyond your standard medical

benefits, for you and your family. The insurance allows you to select the benefit coverage amount you want based on your individual need and budget. If diagnosed with a covered critical illness, you will receive a cash benefit based on the percentage payable for the condition. You can elect to enroll in the critical insurance plan during Annual Enrollment.

Legal Services

The Legal Services plan provides legal assistance and representation for a variety of services such as creating wills, buying a home, selling a car, and more. You can elect to enroll in the Legal Services plan during Annual Enrollment.

Identify Theft Protection

The Identity Theft Protection plan provides services that enable you to protect and restore your finances and identity. These services include monitoring and investigating fraudulent activity, tracking information that has been compromised, and restoring good name and standing. You can elect to enroll in the Identity Theft Protection plan during Annual Enrollment.

Other Enhancements

New Job Security

Your bargaining committee secured language that provides for **job security**! You would now get preferential hiring consideration in the event of a reduction in force. You will have special assistance through that staffing process, and you would maintain your current seniority upon placement for benefits purposes!

New Flexibility

You will now have the option to flex your time! While this will not modify your current shift, it provides an opportunity for you to **flex your time within the same workday**. This enables you to have more flexibility in managing your personal obligations, such as doctor's appointments and family functions.



Your Committee Unanimously Recommends This Tentative Agreement.

