

**UAW LOCAL 571  
MARINE DRAFTSMEN'S ASSOCIATION**

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November 4, 2016

To; MDA-UAW Local 571 members

The MDA-UAW Local 571 Negotiation Committee are pleased to announce that we have reached a tentative agreement with the Electric Boat Corporation, GD on a new collective bargaining contract.

Your Negotiation Committee worked very hard in the best interest of you the member and your families. We sincerely believe that the proposed contract is the best that can be achieved and we have unanimously endorsed it. We are now looking for your support in ratifying this agreement.

Attached is a synopsis of the proposed new contract highlights. A special general membership meeting has been scheduled to discuss the changes and answer questions. The meeting will be Monday, November 7, 2016, 4:30 pm at Ocean Beach, New London.

The information on the ratification vote has been provided in a separate memo.

In Solidarity,

**Your MDA-UAW Local 571 Negotiating Team**

*William E. Louis*  
William E. Louis – President

*Kenneth Rowland*  
Kenneth Rowland – 1<sup>st</sup> Vice President

*David M. Reagan*  
David M. Reagan – 2<sup>nd</sup> Vice President

*Patricia A. Clay*  
Patricia A. Clay – Recording Secretary

*William R. May*  
William R. May – Financial Secretary

*Robert J. Faraci*  
Robert J. Faraci – Treasurer

*Douglas Witt*  
Douglas Witt – Negotiation Resource

*Ed Nevins*  
Ed Nevins – Negotiation Resource

*Tom Clancy*  
Tom Clancy – Negotiation Resource

*Barry Bayly*  
Barry Bayly – Region 9A Servicing Rep.

**William E. Louis, President  
Kenneth Rowland, 1<sup>st</sup> Vice President  
David M. Reagan, 2<sup>nd</sup> Vice President**



**Patricia A. Clay, Recording Secretary  
William R. May, Financial Secretary  
Robert J. Faraci, Treasurer**

**Proposed Agreement**

**Between**

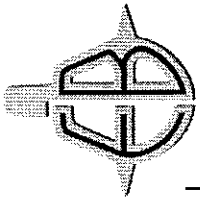
**MDA-UAW Local 571**

**and**

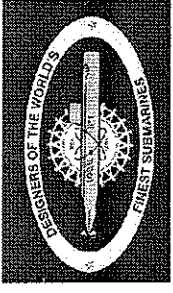
**Electric Boat Corporation**

**Contract Duration**

**November 5, 2016 to October 9, 2020**



# Wages

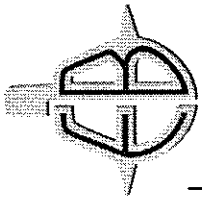


## **General Wages Increases - Total GWI of 12%**

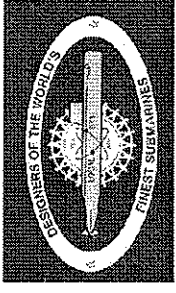
- 3.0% increase effective 11/27/2016
- 3.0% increase effective 12/24/2017
- 3.0% increase effective 1/27/2019
- 3.0% increase effective 2/23/2020

## **Ratification Bonus**

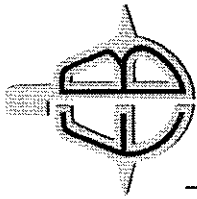
All bargaining unit employees on the payroll as of the date of ratification will be paid a one-time ratification bonus of \$1,000 (gross) on 12/2/16



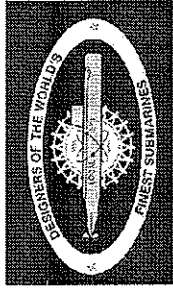
# No Changes



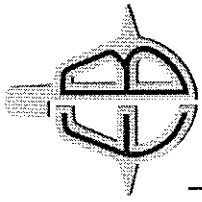
- No Changes to OT Policy
- No Changes to Alternate Work Week
- No Changes to Flex Time
- No Changes to the 4-10 Work Week
- No Changes Regarding 2016-2017 Holiday Shutdown Shop Order 2852 for Current and New Employees
- No Changes to SSIP (401K)
- No Changes to Progressive Discipline
- No Changes to SDIB
- No Changes to Early Retiree Medical



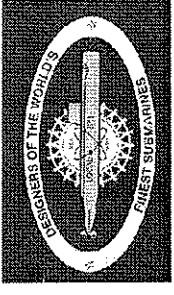
# 401k Plan



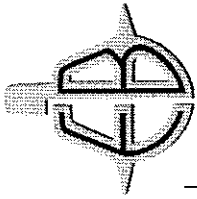
- The current 401k plan continues throughout the contract
  - Company match will be \$1 for \$1 up to first 4% of pay and \$0.50 per \$1 on the next 2% of pay.
  - Eligible 401k pay includes pay categories such as overtime, shift differentials, site differentials, sick leave pay, vacation pay and bonus pay (currently your 401k pay is calculated on base wage alone). All current Company caps removed
  - Ability to contribute on before-tax, after tax or Roth 401k basis.
  - Matching contributions are immediately 100% vested.
  - Investments on matching contributions will follow employees' money – Matching contributions received will be invested in the same GD SSIP investment(s) as the payroll contributions.



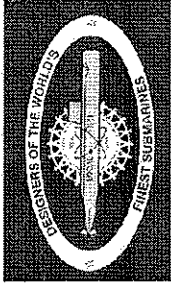
# 401k Plan Enhancement



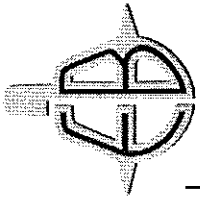
- The Company is providing a 401k enhancement (non-contributory retirement contribution (NCRC)) to all active MDA employees who were employed on the date of contract ratification
- No contribution required from the employee
- The Company contribution is based on a % of base wages as of December 31<sup>st</sup> of each year
  - Non-pension eligible employee contribution rate is 3.5%
  - Pension eligible employee contribution rate is 2.3%
- There will be a total of 3 full year NCRC contributions for 2017, 2018 and 2019. There will be a pro rata NCRC contribution for 2020 based on January 1, 2020 through October 9, 2020. Money will be deposited as soon as administratively possible in the following year.
  - Note: the 2020 pro rata contribution will be based on 283 days, not a full year



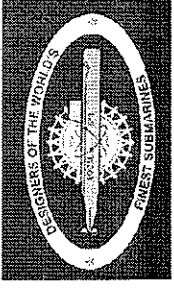
## 401k Plan Enhancement (cont.)



- If the employee is enrolled in the 401k the money will be deposited in his/her account and invested in the same manner as the employee's investment election on file for 401k contribution
- If an employee is not enrolled in the 401(k), an account will be opened for him/her. If the employee does not make an investment election, the dollars are deposited in the applicable qualified default investment fund for the plan.
- Partial year credit will be provided on a pro-rata basis in year of termination
- The Annual Company Non-Matching Contribution will be subject to a 3 year cliff vesting schedule under the plan; amounts shall immediately vest upon a layoff as a result of a reduction in force
- Years of vesting service shall be determined under the terms and conditions of the plan
- NCRC end with the expiration of the new contract on October 9, 2020

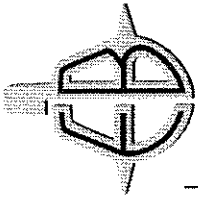


# Retirement Pension

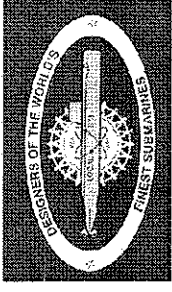


- The pension multiplier will remain at \$56 (Design) and \$53 (Technical/Administrative) for each year of service through 2016
- Effective 1/1/17 increased the Retirement Plan Pension Multiplier per month per year of credited service for future years of services only:
  - Design Functional Category from \$56 to \$60
  - Technical and Administrative Functional Category from \$53 to \$57

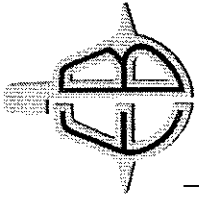




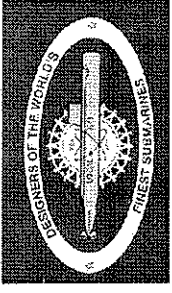
# Retirement Pension Example



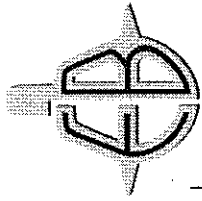
- Design Functional Category employee retires on January 1, 2021 with 34 years of credited pension service
- Service from 1/1/1987 through 12/31/2016 –  
30 years x \$56 = \$1,680.00
- Service from 1/1/2017 through 12/31/2020 –  
4 years x \$60 = \$ 240.00
- Total benefit at retirement: \$1,920.00
- This example is an estimate for illustrative purposes only



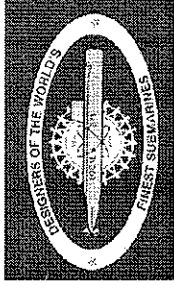
# Special Pay Increases



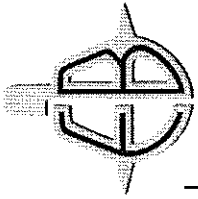
- Chargeperson
  - Effective 12/4/16 will be paid either \$1.00 or \$1.50 per hour
  - Those Chargepersons who were receiving either \$0.50 or \$0.75 per hour will be progressed to \$1.00 per hour
  - Those Chargepersons who were receiving \$1.00 per hour will be progressed to \$1.50 per hour
  - Effective 12/2/18 a Chargeperson will be paid either \$1.50 or \$2.00 per hour (2 Levels)
  
- TLD “R” Qualification
  - Effective 12/4/16 will be paid \$0.20 per hour (while certified)
  
- Space Manager
  - Effective 12/4/16 will be paid \$0.75 per hour



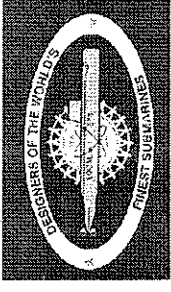
# Other Contract Changes



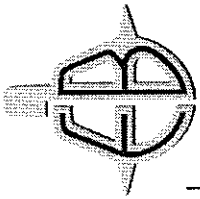
- Bereavement
  - 16 hour bereavement benefit increased to 24 hours (straight time)
  - Add son-in-law and daughter-in-law to the group eligible for up to 24 hours (straight time)
  
- Unpaid Personal Hours for New Hires
  - Members at 90 days through 2 years of employment, added 20 unpaid personal hours (starting at ratification)
  
- Probation Period
  - New hires, as of contract ratification 11/10/16, will have to complete a 180 day probation period
  - Benefits will still be in effect after 90 days including the 20 unpaid hours for new hires and benefits



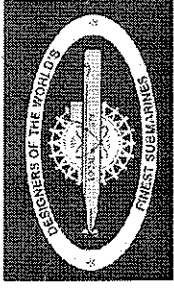
## Other Contract Changes (cont.)



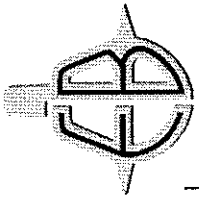
- Updated Arbitrator Lists for Strike/Lockouts and Discipline/Contract Interpretation
  - Removed Tim Bornstein (retired) and Robert O'Brien
  - Added Larry Holden and Mike Ryan
- Active discipline warning slips, dozing, phone and internet discipline will be removed at the time of ratification 11/10/16, last chance memos will stay in effect
- Updated DI 459-1 Section 3.1 to be applicable to all MDA who travel for the company
- Updated "Checking" MOA #5 for to account for electronic disclosure
- Update MOA #37 wage schedule for Senior Chargeperson and Major Area Team Leaders in accordance with the agreed to GWIs



# New Design Apprentice Program



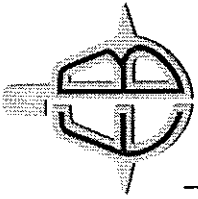
- 4 year program
  - 24 months rotating through home discipline
  - 18 months consisting of 3 six month rotations through the other design disciplines
  - Final 6 months the apprentice returns to their home discipline
- Academic performance
  - 75% will be considered a passing grade
  - Allowed 1 academic failure, incompletes considered a failure
- Wages
  - Wage schedule compressed to 4 years, no change to wage progression to Designer Step 2
  - Was a 5 year program



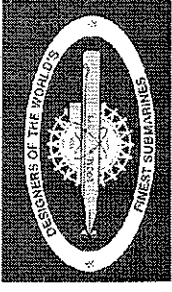
# Design Techs



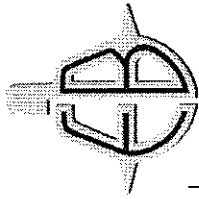
- The Committee ensured Design Techs received the same GWI's as all other members
- The 204 Design Tech quota is being replaced by an assessment where the Vice President of Design and Engineering will determine the appropriate number of Design Techs based on business need as determined by Management
  - Before reaching a final determination on the appropriate number of Design Techs, the Vice President of Design and Engineering will meet with the MDA President



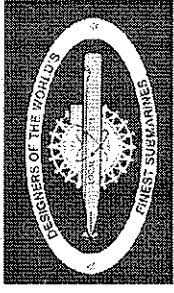
# Medical Insurance (today)



- You have two options:
  - (1) Protection Plus or (2) the Account Based Health Plan (ABHP)
- Protection Plus (Higher Premiums)
  - Medical in network deductible of \$350 (single) and \$750 (family); 90%/10% coinsurance; out of pocket max of \$1,000 (single) and \$2,000 (family)
  - Prescription out of pocket max of \$1,000 (single) and \$2,000 (family)
  - Have the option to open and contribute to a Flexible Spending Account (FSA) through payroll deductions where you can be reimbursed for eligible medical and dependent care expenses
- ABHP (Lower Premiums)
  - In network preventative care services covered at 100% (e.g. Colonoscopy, Annual Physical, Mammogram, etc. covered at 100% under preventive care)
  - You pay all other medical and drug costs until the annual deductible is met
  - Once you reach the annual deductible, the plan pays 100% of eligible medical and drug costs for remainder of the calendar year
  - You have the option to open and contribute to open and contribute to a Health Savings Account (HSA) through payroll deductions to pay for qualified medical, dental or vision expenses
  - Limited used FSA for vision and dental expenses is also available



# New Healthcare Overview (1/1/17-10/9/20)



	PROTECTION PLUS				
	2016	2017	2018	2019	2020
Deductible	\$350/\$700	\$350/\$700	\$400/\$800	N/A	N/A
Co-Insurance	90%/10%	90%/10%	85%/15%	N/A	N/A
Out of Pocket Max (Medical)	\$1,000/\$2,000	\$1,000/\$2,000	\$2,800/\$5,600	N/A	N/A
Rx co-pays (30 day)					
Retail (Non-Maintenance)	\$10/\$25/\$50	\$10/\$25/\$50	\$10/\$30/\$80	N/A	N/A
Retail (Maintenance)	\$10/\$25/\$50	\$10/\$25/\$50	\$20/\$60/\$160	N/A	N/A
Rx co-pays (90 day)					
Retail (Mail Order)	\$20/\$50/\$100	\$20/\$50/\$100	\$40/\$120/\$320	N/A	N/A
Out of Pocket Max (Rx)	\$1,000/\$2,000	\$1,000/\$2,000	\$2,800/\$5,600	N/A	N/A

### PREMIUMS

	2016	2017	2018	2019	2020
Protection Plus	\$32/\$64/\$85	\$35/\$70/\$93	\$43/\$86/\$114	N/A	N/A
Weekly Premium					

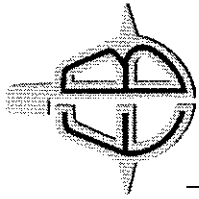
### ABHP

	2016	2017	2018	2019	2020
Deductible	\$2,700/\$5,400	\$2,700/\$5,400	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000
Co-Insurance	100%/0%	100%/0%	85%/15%	85%/15%	85%/15%
Out of Pocket Max	\$2,700/\$5,400	\$2,700/\$5,400	\$3,000/\$6,000	\$3,000/\$6,000	\$3,000/\$6,000

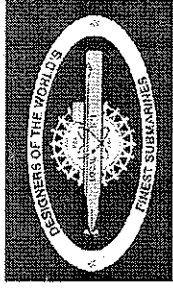
### PREMIUMS

	2016	2017	2018	2019	2020
ABHP					
Company Seed into HSA	N/A	\$500/\$1000	\$500/\$1000	\$500/\$1000	\$500/\$1000
Company Match into HSA	N/A	\$300/\$600	\$300/\$600	\$300/\$600	\$300/\$600
Co. Subsidy of Seed/Match	N/A	100%	100%	100%	75%
Weekly Premium	\$8/\$13/\$21	\$9/\$14/\$22	\$10/\$17/\$26	\$11/\$22/\$31	\$12/\$24/\$34
	Standard & Enhanced	Standard & Enhanced	Standard & Enhanced	Standard & Enhanced	Standard & Enhanced

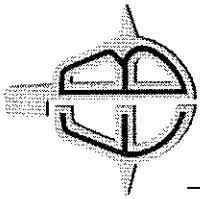




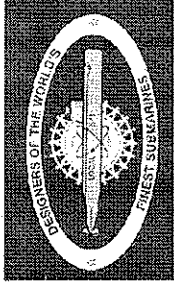
## Healthcare Details (2017-2018)



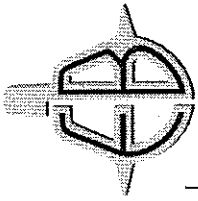
- Protection Plus Plan and the ABHP continue through 12/31/18 with modest premium increases and plan design changes
- No change to the network of providers
- For those members who elect the ABHP in 2017 and/or 2018 the Company will provide:
  - An HSA seed of \$500 single/\$1,000 family which will be placed into the members account in the beginning of each year as soon as possible (the seed is 100% subsidized by the Company)
  - A match of up to \$300 single/\$600 family of your HSA contributions
- Members can get the HSA seed and match in both 2017 and 2018
- Must elect the “Enhanced” plan option for seed and match
- If a member is enrolled in Tricare or Medicare Part A or B the Company and member are prohibited from contributing to an HSA account
- Effective 1/1/18 the Protection Plus prescription drug costs double if the EB Family Pharmacy is not used for maintenance medications
- Opt out credit of \$494 will be offered in 2017 and discontinued thereafter
- Additional information will be coming out regarding an extra enrollment period for 2017 annual enrollment for updated premiums, HSA seed and match elections



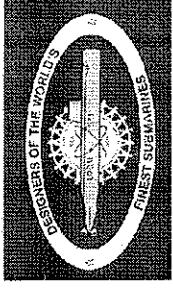
## Healthcare (2019-2020)



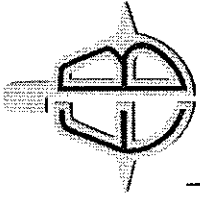
- Protection Plus Plan will no longer be offered effective 1/1/19
- ABHP will be the only health insurance plan offered in 2019 and 2020
- No change to the network of providers
- \$500 single/\$1,000 family HSA seed (100% subsidized by the Company) and \$300 single/\$600 match continues in 2019
- In 2020 HSA seed is the same and the Company will subsidize 75% of the seed/match; the HSA match of \$300 single/\$600 match will continue in 2020
- If a member is enrolled in Tricare or Medicare Part A or B the Company and member are prohibited from contributing to an HSA account
- Members who received HSA seeds in previous years can still receive an HSA seed in 2019 and/or 2020



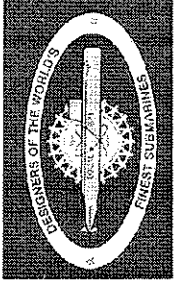
# Additional ABHP Highlights



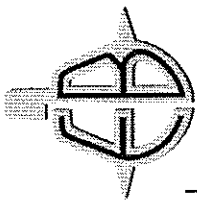
- Free generics for blood pressure, respiratory and/or cholesterol medications per the HSA Preventative Drug List in effect
- When utilizing the EB Family Pharmacy only, you are eligible for:
  - Free generics and brand for diabetic medications and supplies when enrolled in the Dimensions Program per the HSA Preventative Drug List in effect
  - Two free nasal sprays – Fluticasone Propionate (Generic Flonase) and Nasacort Allergy 24 hour (OTC), starting on 1/1/18



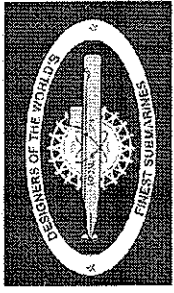
# Dental Plan



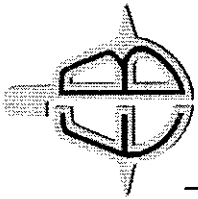
- Annual Dental Maximum:
  - Effective January 1, 2018 increase the annual maximum from \$1,700 to \$2,500 per covered individual
- Effective January 1, 2018, increase the lifetime maximum benefit payable for orthodontia from \$3,000 to \$3,250 per covered individual
- Fee Schedule
  - Effective January 1, 2018, a 10% increase to the fee schedule
  - Effective January 1, 2020, a 5% increase to the fee schedule
- Introduce “Prevention First” effective January 1, 2018
- Preventive care will no longer count towards the annual maximum
  - Introduce 3<sup>rd</sup> cleaning per year for covered individual with periodontal disease effective January 1, 2018



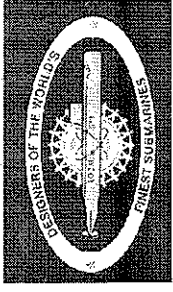
# Dental Plan Premiums



	2016	2017	2018	2019	2020
Employee	\$8	\$8	\$9	\$9	\$10
Employee and Spouse	\$12	\$12	\$14	\$14	\$16
Employee and Child/Children	\$12	\$12	\$14	\$14	\$16
Family	\$14	\$14	\$17	\$17	\$20

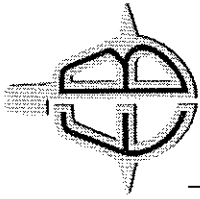


# Accident & Sickness Benefit

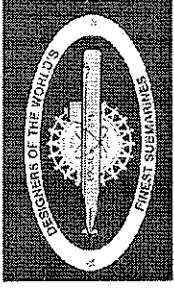


- The Accident and Sickness weekly disability maximum will be increased as follows:

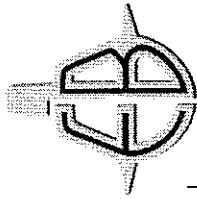
Current	1/1/17	1/1/18	1/1/19	1/1/20
\$480/wk	\$490/wk	\$500/wk	\$510/wk	\$520/wk



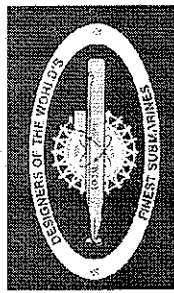
## Weight Loss Surgery/Coverage



- The Company and the Union will continue to discuss, explore and evaluate the feasibility of weight loss surgery/coverage under the Company's existing medical plans.
- Should the parties come to an agreement on including weight loss surgery/coverage into the existing medical plans, there will be no premium cost to the employee for the duration of the new contract.

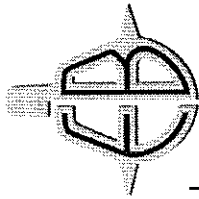


# Miscellaneous Benefits

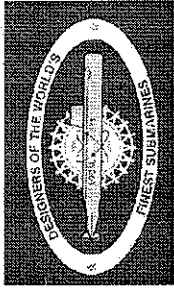


- Vision Plan (VSP)
  - No Rate Change
  
- Effective 1-1-17 the current GD Voluntary Benefits program will offer MDA employees access to three (3) new voluntary benefit programs
  - Identity Theft (ID Watch Dog),
  - Accident Coverage
  - Critical Care
  - In addition to the current Group Legal Services, Auto and Home insurance and Pet Insurance (MetLife)





# Shutdown Periods



## 2016-2017

Saturday, December 24, 2016 through Sunday, January 1, 2017

Monday, December 26, 2016, Holiday

Tuesday, December 27, 2016, Vacation/Sick Leave/Floating Holiday

Wednesday, December 28, 2016, Vacation/Sick Leave/Floating Holiday

Thursday, December 29, 2016, Vacation/Sick Leave/Floating Holiday

Friday, December 30, 2016, Holiday

## 2017-2018

Saturday, December 23, 2017 through Monday, January 1, 2018

Monday, December 25, 2017, Holiday

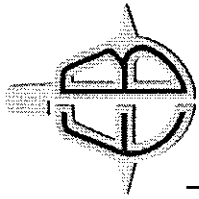
Tuesday, December 26, 2017, Vacation/Sick Leave/Floating Holiday

Wednesday, December 27, 2017, Vacation/Sick Leave/Floating Holiday

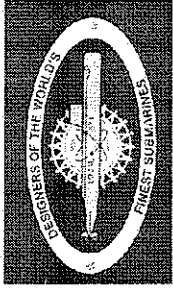
Thursday, December 28, 2017, Vacation/Sick Leave/Floating Holiday

Friday, December 29, 2017, Vacation/Sick Leave/Floating Holiday

Monday, January 1, 2018, Holiday



# Shutdown Periods (cont.)



## 2018-2019

Saturday, December 22, 2018 through Tuesday, January 1, 2019

Monday, December 24, 2018, Vacation/Sick Leave/Floating Holiday

Tuesday, December 25, 2018, Holiday

Wednesday, December 26, 2018, Vacation/Sick Leave/Floating Holiday

Thursday, December 27, 2018, Vacation/Sick Leave/Floating Holiday

Friday, December 28, 2018, Vacation/Sick Leave/Floating Holiday

Monday, December 31, 2018, Vacation/Sick Leave/Floating Holiday

Tuesday, January 1, 2019, Holiday

## 2019-2020

Saturday, December 21, 2019 through Wednesday, January 1, 2020

Monday, December 23, 2019, Vacation/Sick Leave/Floating Holiday

Tuesday, December 24, 2019, Vacation/Sick Leave/Floating Holiday

Wednesday, December 25, 2019, Holiday

Thursday, December 26, 2019, Vacation/Sick Leave/Floating Holiday

Friday, December 27, 2019, Vacation/Sick Leave/Floating Holiday

Monday, December 30, 2019, Vacation/Sick Leave/Floating Holiday

Tuesday, December 31, 2019, Vacation/Sick Leave/Floating Holiday

Wednesday, January 1, 2020, Holiday