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# PENSION CHANGE FACT SHEET

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AT BOSTON COLLEGE

MARCH 2006

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COMPANY NAME: ALCOA (Aluminum Company of America)

U.S. EMPLOYEES: 48,000

TYPE OF PLAN(S): Traditional Defined Benefit

DATE ANNOUNCED: January 16, 2006

DATE EFFECTIVE: March 1, 2006

DESCRIPTION OF FREEZE: *Freeze for New Employees.* As of March 1, 2006, new U.S. hires to ALCOA will not be able to participate in ALCOA's defined benefit pension plan.

PLAN SOLVENCY: As of December 31, 2004, the defined benefit pension plan was 85 percent funded.

REPORTED FINANCIAL IMPLICATION: The financial implication of the freeze is not public information.

NEW ARRANGEMENTS FOR EMPLOYEES: Those hired after March 1, 2006 will be enrolled in a 401(k) plan. ALCOA will contribute 3 percent of the employee's annual salary and bonus to their 401(k), regardless of whether the employee contributes or not. ALCOA will also match the employee's contributions dollar-for-dollar up to 6 percent of their salary.

BACKGROUND: ALCOA leads the world's producers of primary aluminum, fabricated aluminum, and alumina. With their design, engineering, and production abilities, among others, ALCOA assists the aerospace, automotive, packaging, building and construction, commercial transportation, and industrial markets. ALCOA currently has both defined benefit and defined contribution plans for their employees. Current ALCOA employees and retirees will not be affected by this change and will continue to participate in their current plan, whether it be defined benefit or defined contribution.

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## REFERENCES

- ALCOA. 2006. "Alcoa to Eliminate Defined Benefit Pension Plan for New U.S. Hires Effective March 1, 2006." *News Release*. (January 16).
- Maher, Kris, and Paul Glader. 2006. "ALCOA's Pension Will Be Closed to New Workers." *Wall Street Journal*. (January 17).
- Siewert, Jake (media contact at ALCOA). 2006. Personal communication.