
PENSION CHANGE FACT SHEET

CENTER FOR
RETIREMENT
RESEARCH
AT BOSTON COLLEGE

MARCH 2006

COMPANY NAME: Russell Corporation

U.S. EMPLOYEES: 8,800

TYPE OF PLAN(S): Traditional Defined Benefit (non-union U.S. plan) — about 5,700 participants affected

DATE ANNOUNCED: January 19, 2006

DATE EFFECTIVE: April 1, 2006

DESCRIPTION OF FREEZE: *Total Freeze*. Members in Russell Corporation's non-union U.S. defined benefit pension plan will stop accruing new benefits on April 1, 2006.

PLAN SOLVENCY: At the end of 2004, the plan had \$192.4 million worth of benefit obligations and \$127.9 million worth of assets.

REPORTED FINANCIAL IMPLICATION: The financial implications of the freeze are not public information.

NEW ARRANGEMENTS FOR EMPLOYEES: Russell Corporation will match, dollar for dollar, 401(k) contributions up to 3 percent of salary, and then \$.50 for every dollar up to 5 percent of salary. Employees are immediately vested in the value of their contributions, along with Russell's match, when they are made. In April of 2006, employees with 20 complete years of service as of April 1, 2006, whether participants in the plan or not, will receive a one-time contribution equal to 2 percent of base salary for the period April 1 through December 31, 2006.

BACKGROUND: Textile manufacturer Russell Corporation lost a contract to sell fleece products for boys at Wal-Mart (the world's largest retailer) leaving Russell with too much manufacturing capacity and thus requiring cutbacks. In efforts to remain globally competitive, Russell froze its pension plan and will eliminate 2,300 jobs (approximately 15 percent of its workforce). These jobs will eventually be reinstated and outsourced to Honduras and Mexico.

REFERENCES

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