The Boeing Company Voluntary Investment Plan

IAMAW District 751
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• VIP Summary

• Retirement Considerations
Overview:

• Scott Capital Advisors is an independent investment advisor located in Portland, Oregon.

• For the past three decades, we have been working in unison with Labor Organizations and their members to build stronger futures.

• We currently serve over 100 Districts / Locals and their members within 17 different Labor Organizations.

Labor Organizations and their members across the U.S.
Meet Our Team

Casey J. Scott, AIF®
Partner

Jennifer R. Scott, MBA, CIMA®, AIF®
Partner

Shaughn C. Scott, CFP®, CIMA®
Partner

Brooke L. Anderson
Associate Financial Advisor
VIP Summary
Overview of the VIP

Employee Contributions

- 2021 IRS Deferral Limits
  - Under age 50: $19,500
  - Age 50 and older: $19,500 plus $6,500 (catch-up)
- Plan Limit
  - 30% of base pay (up to IRS limits)
  - Catch-Up limit is 50% of base pay
- Contribution types: Pretax, Roth, Aftertax
- Auto Features
  - Auto Save: Elect future contribution rate increases

Company Match

- Boeing will match 75% of the first 8% of base pay contributed each pay period.

<table>
<thead>
<tr>
<th>Contribution Rate</th>
<th>Company Match</th>
</tr>
</thead>
<tbody>
<tr>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>10%</td>
<td>6%</td>
</tr>
</tbody>
</table>
Beneficiary Designation

What is a beneficiary:
- Person(s) who your account balance will be paid to if you die before it has been fully paid to you.

Who can you designate?
- If unmarried, you may designate anyone and can make changes at anytime.
- If married, your spouse will be the sole primary beneficiary.
- If you wish to designate someone other than your spouse, you must obtain your spouses’ written notarized consent.

How the Plan recognizes beneficiaries:
- Changes will only be recognized through the VIP rules and procedures and received by the Plan Administrator.
- You may not designate or change a beneficiary by using other documents (divorce decrees, prenuptial agreements, wills or trusts).

If you do not designate a beneficiary:
- If you have not designated a beneficiary or your primary/secondary beneficiaries are no longer living at the time of your death, your VIP account will be paid to your surviving spouse, then your estate.
Access to Funds while Employed

**Hardship Withdrawals**
- Hardship withdrawals are allowed when you experience an eligible financial emergency.
- Income taxes and 10% penalty may apply.

**Loans**
- Eligible participants have the flexibility to borrow a portion of their account subject to certain limits.
- Special considerations for retiring / leaving employment with an active loan.
- Loans in default.

**In-Service Withdrawals**
- While working, Boeing allows withdrawals of Aftertax, Rollover, and Company Match contributions (called in-service withdrawals).
- Different contribution types have varying rules around in-service withdrawals and all have mandatory tax withholding.
Here are the different ways you can invest your money

Investment options – 3 ways

• Default: Lifecycle Funds based on DOB

• Financial Engines: Independent third-party investment advisor
  ✓ Quarterly fee based on balance:
    o First $100,000: 0.075% (0.30% annually)
    o Next $50,000: 0.050% (0.20% annually)
    o Over $150,000: 0.025% (0.10% annually)

• By Myself: Select from list a of investment options
  ✓ Set-up for automatic rebalancing
  ✓ Short-term trading restrictions
  ✓ Boeing Stock

By Default
Your savings will be invested here if you don’t make investment elections during enrollment

Financial Engines
An investment advice program available for a quarterly fee to help you make your investment elections

By Myself
You can create your own investment mix from the options offered in the Plan
Impact of being out of the market

Returns of the S&P 500
Performance of a $10,000 investment between January 2, 2001 and December 31, 2020

Seven of the best 10 days occurred within two weeks of the 10 worst days
- Six of the seven best days occurred after the worst days
- The second worst day of 2020 – March 12 – was immediately followed by the second best day of the year

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Return</th>
<th>Investment Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Invested</td>
<td>7.47%</td>
<td>$42,231</td>
</tr>
<tr>
<td>Missed 10 best days</td>
<td>3.35%</td>
<td>$19,347</td>
</tr>
<tr>
<td>Missed 20 best days</td>
<td>0.69%</td>
<td>$11,474</td>
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<tr>
<td>Missed 30 best days</td>
<td>-1.49%</td>
<td>$7,400</td>
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<tr>
<td>Missed 40 best days</td>
<td>-3.44%</td>
<td>$4,969</td>
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<tr>
<td>Missed 50 best days</td>
<td>-5.21%</td>
<td>$3,430</td>
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<tr>
<td>Missed 60 best days</td>
<td>-6.81%</td>
<td>$2,441</td>
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</tbody>
</table>

Source: J.P. Morgan Asset Management analysis using data from Bloomberg. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data as of December 31, 2020.

PLAN TO STAY INVESTED
Losses hurt more than gains feel good. Market lows can result in emotional decision making. Taking "control" by selling out of the market after the worst days is likely to result in missing the best days that follow. Investing for the long term in a well-diversified portfolio can result in a better retirement outcome.
### Asset class returns

<table>
<thead>
<tr>
<th>Year</th>
<th>REITs</th>
<th>EM Equity</th>
<th>Fixed Income</th>
<th>Small Cap</th>
<th>Large Cap</th>
<th>Asset Alloc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>35.1%</td>
<td>39.8%</td>
<td>5.2%</td>
<td>76.6%</td>
<td>27.9%</td>
<td>10.7%</td>
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<tr>
<td>2007</td>
<td>27.9%</td>
<td>26.7%</td>
<td>10.7%</td>
<td>76.6%</td>
<td>29.7%</td>
<td>10.7%</td>
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<tr>
<td>2009</td>
<td>8.3%</td>
<td>9.6%</td>
<td>31.5%</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
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<tr>
<td>2011</td>
<td>19.7%</td>
<td>18.2%</td>
<td>14.6%</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
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<tr>
<td>2012</td>
<td>19.7%</td>
<td>18.2%</td>
<td>14.6%</td>
<td>28.0%</td>
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<tr>
<td>2013</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
</tr>
<tr>
<td>2014</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
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<tr>
<td>2015</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
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<tr>
<td>2016</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
<td>28.0%</td>
<td>28.0%</td>
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<tr>
<td>2017</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
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<tr>
<td>2018</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
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<tr>
<td>2019</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
</tr>
<tr>
<td>2020</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
</tr>
<tr>
<td>YTD</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
<td>28.0%</td>
<td>28.0%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

**Source:** Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor’s, J.P. Morgan Asset Management.

**Large cap:** S&P 500, Small cap; Russell 2000, EM Equity: MSCI EAFE, DM Equity: MSCI EMU, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Barclays Global HY Index, Fixed Income: Bloomberg Barclays US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg Barclays 1-3m Treasury. The “Asset Allocation” portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 10% in the MSCI EAFE, 5% in the MSCI EMU, 25% in the Bloomberg Barclays US Aggregate, 5% in the Bloomberg Barclays 1-3m Treasury, 5% in the Bloomberg Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/05 to 12/31/20. Please see disclosure page at end for index definitions. All data represents total return for stated period. The “Asset Allocation” portfolio is for illustrative purposes only. Past performance is not indicative of future returns.

Guide to the Markets – U.S. Data are as of March 31, 2021.
Distribution Overview

Distribution options for your account when you leave employment:

• Leave your money in the VIP
  ✓ If your account is over $1,000
  ✓ If you choose to leave your money in the VIP, you may roll over other qualified retirement accounts to consolidate your retirement assets

• Take a distribution from the VIP
  ✓ Lump sum, installments, or an annuity

• Roll over your VIP monies into an IRA or another qualified employer plan
  ✓ Pretax (plus earnings) to traditional IRA
  ✓ Roth (plus earnings) to Roth IRA
    o Must be held for 5 years
  ✓ Aftertax
    o Contributions to Roth IRA
    o Earnings to traditional IRA
Retirement Considerations
Common Retirement Challenges

- Adopting a planning mindset
- Dealing with uncertainty
- Ups and downs in the market
- Balancing risk and return
- Inflation

- Making your money last
- Paying for healthcare
- Unexpected life changes
- Losing purpose
Life expectancy probabilities

If you’re 65 today, the probability of living to a specific age or beyond

Average life expectancy at age 65

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
<th>Men</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>84.0</td>
<td>80.0</td>
<td>4.0</td>
</tr>
<tr>
<td>2019</td>
<td>85.6</td>
<td>83.1</td>
<td>2.5</td>
</tr>
<tr>
<td>2030</td>
<td>89.3</td>
<td>87.2</td>
<td>2.1</td>
</tr>
</tbody>
</table>

PLAN FOR LONGEVITY

Average life expectancy continues to increase and is a mid-point not an endpoint. You may need to plan on the probability of living much longer – perhaps 30+ years in retirement – and invest a portion of your portfolio for growth to maintain your purchasing power over time.


Probability at least one member of a same-sex female couple lives to age 90 is 56%, and a same-sex male couple is 40%.
Social Security timing tradeoffs

Benefits differ by birth year and claim age
Full Retirement Age = 100% benefit

**Birth year: 1954 or earlier**
Full Retirement Age: 66

- Decreased benefits: -6.25% average per year
- Increased benefits: +8% per year

**Birth year: 1960 or later**
Full Retirement Age: 67

- Decreased benefits: -6.00% average per year
- Increased benefits: +8% per year

**UNDERSTAND THE TRADEOFFS**

Deciding when to claim benefits will have a permanent impact on the benefit you receive. Claiming before your full retirement age can significantly reduce your benefit, while delaying increases it.

In 2017, full retirement age began transitioning from 66 to 67 by adding two months each year for six years. This makes claiming early even more of a benefit reduction.

For illustrative purposes only. The Social Security Amendments Act of 1983 increased FRA from 65 to 67 over a 40-year period. The first phase of transition increased FRA from 65 to 66 for individuals turning 62 between 2000 and 2005. After an 11-year hiatus, the transition from 66 to 67 (2017–2022) will complete the move. This material should be regarded as educational information on Social Security and is not intended to provide specific advice. If you have questions regarding your particular situation, you should contact the Social Security Administration and/or your legal or tax professional.

Source: Social Security Administration, J.P. Morgan Asset Management.
The 4% Rule

Key takeaways:

- Sustainable withdrawal rate = estimated percentage of savings you’re able to withdraw each year throughout retirement without running out of money.

- Aim to withdraw no more than 4% to 5% of your savings in retirement.

- Sustainable withdrawal rate will vary based on things you can’t control – like how long you live, inflation, market returns – as well as things you can control – like your retirement age and investment mix.

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### Withdrawal math: 4% rule in action

John has $500,000 in retirement savings and plans to retire at age 67. Here’s how much he may want to withdraw each year.

<table>
<thead>
<tr>
<th>1st Year</th>
<th>Withdrawal rate</th>
<th>Retirement savings</th>
<th>Withdrawal amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4%</td>
<td>$500,000</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2nd Year</th>
<th>Withdrawal amount</th>
<th>Inflation</th>
<th>Withdrawal amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$20,000 for 1st year</td>
<td>2.5% in the 1st year</td>
<td>$20,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3rd Year</th>
<th>Withdrawal amount</th>
<th>Inflation</th>
<th>Withdrawal amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$20,500 for 2nd year</td>
<td>2.5% in the 2nd year</td>
<td>$21,013</td>
</tr>
</tbody>
</table>
How to Financially Prepare for Retirement

• Understand your retirement needs
  ✓ Where do you intend to live once retirement (some states are more retiree-friendly than others)
  ✓ How do you plan to spend retirement (what will it cost you)
  ✓ Be realistic in your approach

• Calculate Expenses
  ✓ Basic living expenses (housing, food, utilities, communication)
  ✓ Health care (increasing at a rate of 5.4% annually)
  ✓ Travel / entertainment / leisure
  ✓ Taxes (income, property, etc.)

• Identify Sources of Income
  ✓ Social Security
  ✓ Pension
  ✓ Defined- Contribution Plans
  ✓ Individual Retirement Accounts
  ✓ Personal Savings & Investments
  ✓ Continued Employment (part time)
How to Financially Prepare for Retirement (cont’d)

• Review your investment portfolio
  ✓ Evaluate risk in retirement accounts / consolidate accounts where necessary
  ✓ Evaluate strategy depending on retirement date

• Plan for Social Security / Medicare
  ✓ When do you plan to begin taking Social Security?
  ✓ Meeting enrollment deadlines / bridging gaps in coverage

• Consider your life expectancy
  ✓ Life expectancy has increased
  ✓ Risk of outliving your money

• Other Planning Considerations
  ✓ Will / Trust
  ✓ Durable Power of Attorney
  ✓ Healthcare Power of Attorney
  ✓ Titling of assets and beneficiary designations
Additional Notes

- Consult your tax advisor to confirm tax implications of any withdrawal or distribution
- Confirm all available plan provisions with the Plan Administrator or Boeing Retirement Service Center