

# Textron Systems Retirees Association

## Strategic Plan For 2010 Through 2014 And Beyond



*TSRA is a voluntary association of current and former employees of Textron Systems – Wilmington, MA. who work together to:*

- 1. Advocate on behalf of our membership for the protection of our retirement benefits*
- 2. Sponsor activities that assist with retirement planning and/or enhance our retirement experiences, and*
- 3. Provide continued opportunities to stay in contact with one another.*

# INTRODUCTION

In 2002, the Board of Directors of Textron Systems Retirees Association developed a long-range Strategic Plan for the organization. The plan was based upon a statement of strategic intent that expressed the vision and mission of the organization and focused on service to the membership of TSRA. That statement of strategic intent is as follows:

*As an association, we will work together to nurture a vital and vibrant organization committed to*

- 1. Advocating for the protection and preservation of the retirement benefits of all TSRA members,*
- 2. Promoting social activities that enhance and enrich the retirement experiences of our members,*
- 3. Providing educational and benefits-related information and programs that enable our members to manage and direct their retirement to their fullest advantage.*

Since 2002 our Strategic Plan has been periodically reviewed and updated by TSRA leadership to reflect the changing environment and to address critical issues facing current pre-retirees and retirees. This then forms the basis for developing and executing the annual Operating Plan, and to serve as a communication instrument to inform the membership about the goals and plans of the leadership. The last revision to this plan was approved on September 25, 2008. The Strategic Plan for 2010 and beyond presents the objectives and activities to be pursued in the next five years by the Board of Directors and each of the Standing Committees.

The Strategic Planning process is driven by identifying:

- **The current state of TSRA,**
- **Changes in the environment within which the association would operate,**
- **Critical challenges that are emerging, and**
- **Overarching Strategies to address challenges**

The Board of Directors engaged in discussions over several sessions to develop consensus positions on each of these vital questions underlying strategic planning. The Board also authorized and executed a comprehensive survey of its membership to develop a better understanding of the views of its membership on relative value and appropriateness of TSRA's myriad of service and activities and recommendations for changes/improvements.

The following sections address each of the above topics in order.

# Strategic Summary

## Current State of TSRA

- **Current membership is basically satisfied with what TSRA provides**
- **Membership increasing; number of Pre-retiree Members has increased significantly since 2008**
- **Advocating for the protection of benefits is still viewed as TSRA's most important mission**
- **Some "New Blood" on TSRA committees and Board; many more needed**
- **Strong relationship with Textron Defense Systems, need to work TSC, TXT and Fidelity**
- **Financially, TSRA remains strong and monetarily unconstrained**

TSRA's membership is now over 700 strong. This reflects an increase of over 170 new pre-retiree members that have joined us since 2008. We remain TSC-Wilmington and TDS centric, choosing not to expand to the other TSC locations and TXT divisions. In our 2008 Strategic Plan we identified the need to expand our services to the pre-retirement community at TSC-Wilmington, MA. and to attract new members in that grouping. We used 2 new recruitment techniques to successfully accomplish the increased membership: active participation in TDS' annual Benefits Fair and an annual TSRA Open House at TSC's Wilmington facility. We will continue to participate in these events as a major recruitment opportunity. We have also initiated a TSRA sponsored Pre-Retirees Working Group of current TSC-Wilmington employees who meet periodically to discuss and address the retirement challenges of this portion of the workforce. Our membership is made up of primarily former and current exempt professionals, as is the TSRA Board of Directors. Moving forward, we have identified a desire to attract more non-exempt members.

Both our 2008 and 2010 TSRA Member Satisfaction Surveys reinforced that our 3-pronged strategic intent was on the mark, with member responses being totally aligned in the prioritization of objectives, namely:

1. Advocate for the protection of retirement benefits
2. Provide timely retirement related information
3. Provide opportunities for members to socialize

The respondents also told us that we were basically meeting their expectations in that they realized our impact on protection of benefits was limited but our abilities to provide retirement information and social opportunities was very good. Both the Retirement Benefits Action Committee (RBAC) and the Membership Affairs Committee (MAC) have done yeoman's jobs in continually increasing services and adding new social events. The ability of these committees to provide even more member services is only limited by the number of volunteers available to work on these committees.

Our members continue to be very satisfied with the Quarterly Newsletter, both in terms of reading enjoyment and information provided. While the TSRA Website has received increase attention from our membership, partly because the new members are virtually all internet capable, we believe the site is still underutilized despite efforts to bring additional attention thru the Newsletter (which is read by virtually all recipients) and the Flash Feature which has been added to the Website to signify important, recently added information. We will continue to pursue ways to increase website usage. One approach currently being piloted is a TSRA Members Google Group, a Blog-like communications vehicle that allows members to interact freely among each other as well as with the Directors and TSRA Officers.

With our heavy recruitment of new members from the pre-retirement population we are now observing that the distribution of our overall membership can be clustered into 3 distinct groupings: pre-retirees, those that have been retired between 1 and 10 years and those that have been retired for over 15 years. It is apparent that each of these groups has some unique requirements and all have requirements in common. We need to better understand the differences as we move forward. However, it is clear that the pre-retirees can benefit immensely by the experiences and lessons learned from the other 2 (retired) groups. This has become very evident in the Pre-retirees' Working Group meetings where retired TSRA members have shared their experiences in a retirement mentoring fashion with the pre-retirees. This interaction has been well received by all participants.

The TSRA Board of Directors remains firmly committed to achieving the goals and objectives of the organization. Although several Board members "go south" for the winter, the work still gets done. We will look at initiating Board meeting conference calls during the winter of 2011 to assure more participation with our snowbird Board members. Since 2008 we have added 3 new members to the Board, and look to

add at least 2 more in 2010. However our succession plan for leadership over the long haul needs significant recruitment effort. With the new services and activities that the Board is planning on undertaking there is also need for substantial increase in volunteer support. A major campaign is underway to address this continuing need, headed by our Nominating Committee. Our recently retired members (1 to 10 years) will be a primary target of this campaign as we believe they are most likely to have available time, interest and health to volunteer. We also identified the need for the TSRA Standing Committees to achieve more committee behavior and member support, including outreach to Corporate Members still affiliated with respective committees.

TSRA continues to maintain a good working relationship with Textron Defense Systems, especially the HR leadership at TDS. Dan Hanlon and his staff continue to be very supportive of our initiatives and collaboration on several events has been very good. Textron Systems now regularly provides TSRA with facilities for the conduct of our Board meetings and has made its auditorium available for TSRA seminars that have been made open to current employees as well as TSRA members. This expanding relationship has the positive impact of mitigating concern that employees may have previously had about joining TSRA as a pre-retiree, With the centralized HR function at TXT Corporate and the HR Staff at TDS focused on the current workforce we see the TSRA / TDS HR collaboration as win-win. Dan Hanlon has also embraced the TSRA Member Skills Inventory as another tool to possibly help him do his job more effectively. Recently, with the retirement of Dick Millman and Frank Tempesta the Division has welcomed a new President and CEO, Fred Strader. Mr. Strader is new to TSC and does not have the history with TSRA that both Dick and Frank have had. Establishing a strong relationship with him as we go forward is a very important objective of the TSRA Board. On the Corporate level, our President, Ron Milauskas has established a good relationship with Cathy Streker, Vice President for Human Resources and Benefits, Textron Corporation. Ms. Streker accepted our invitation to speak at our Spring 2009 luncheon and was well received by those in attendance. Ron continues to nurture this important relationship. Currently TSRA does not have a relationship with Fidelity Investments, the overseer of Textron Retirement Benefits for the Corporation. We are looking to change that as we move forward.

Financially, the Association remains well funded and is rarely constrained in its consideration of new projects or undertakings by limitation of funds. It continually seeks avenues for applying its resources to increasing membership and member's participation in events even to the extent of subsidizing its social and information activities. As we go forward we will be looking at the potential of providing "formal" specialized training to some of our member volunteers, so that they might assist the RBAC better in areas such as Medicare, Social Security, and the new National Healthcare Program.

### **Changes in Environment**

There are five major changes emerging that will dramatically affect TSRA. They are:

- **Fundamental change in Industry's approach to employee benefits**
- **The new presidential administration is advocating significant change in health care and economic recovery plans**
- **The hiring glut of the 80's is manifesting itself as the retirement push for 2010 – 2020. This could give rise to a surge in TSRA membership.**
- **There have been significant changes in Textron management at all levels; the impact on retirement benefits and support of TSRA is still unknown**
- **TSRA membership has increased significantly in the pre-retiree age group and more senior TSRA members are dealing with end of life concerns**

A large number of our current members have both subsidized health insurance coverage through Textron and a "guaranteed" annual pension known as a "defined benefit" program. Almost all of our new members in the next decade will have no health insurance coverage through Textron but will likely still retire with a "defined benefit" "guaranteed" annual pension. At some point in the not too distant future, retirees will most likely have virtually no "tie" to Textron as they will leave with a lump sum pension pay-out from a 401(k) type of "defined contribution" benefit and have no health insurance coverage provided in retirement. This trend reflects a monotonic decrease in the types and amounts of retirement benefits as time goes on, leaving the pre-retiree and retiree to address retirement needs in a much more independent and proactive fashion, ie., not thru the company.

With the new Presidential Administration of Barack Obama there are many far reaching changes in policy at the Federal level that pre-retirees and retirees alike must pay close attention to. Most of these changes are continuing to evolve and won't be settled for some time. The new National Health Care Bill, its impact on Medicare, changes in Social Security, Estate and Income Tax Laws (ex. treatment of conventional and Roth IRAs and changes in required minimum distributions ), and the economic recovery plans/progress are two examples.

We see a need evolving for a "organizer of benefits" function and even a "provider of group plans" mission that TSRA might endeavor to undertake. Therefore, it will be necessary to reconsider what TSRA's main mission will be. As retirement benefits diminish it becomes clear that our mission to be an advocate for protection of those benefits will have only limited applicability. Our advocacy role with Corporate TXT will eventually cease to exist while our advocacy role with respect to Government benefits such as Social Security, Medicare, and the National Healthcare Plan may in fact increase. Our role as retirement related information providers will certainly increase. This change will also require us to continue to revisit our eligibility requirements for TSRA membership. We certainly see the need for a broadening of the requirements to include more of the currently employed workforce. We already started on that path in 2008 with our increased emphasis on the pre-retirees membership. We may in fact need to broaden it further as we move forward.

Looking back at the history of the Division and the first period of maximum employment in the early 1960's when 5000 or more employees existed at Wilmington, Lowell and Everett, the last of most of these employees retired prior to 2005. This is consistent with our database that shows that a large percent of our members have been retired for more than 10 years. The next period of maximum employment occurred in the early 1980's when the division swelled again towards the 5000 mark. For those hired in the age range of 25 to 35 at that time, their normal retirement from the Division would begin in 2010 and run through 2020. Since then, the Division's employment has largely stayed in the 1000 to 2000 range. Thus, after 2020 we may then enter a lull period for retirements. However one would expect that the 1980's surge will come to bear with significant retirements in the span of 2010 to 2020. With this, there will be more employees seeking to take advantage of the services provided by TSRA, and hence we project a significant increase in membership. Many of these employees are looking to retire at ages less than 65. In other cases, although the employee will be 65 or greater at retirement, his or her spouse could be less than 65 years of age. Both of these sets of circumstances require important decisions relative to health care and retirement income.

Another factor relevant to TSRA and its mission is the increase in the percent of population above the age of seventy five. The impact of this longevity is the need to plan retirement with great care since this represents a longer period of time one must provide for both financially as well as physically. As issues of Social Security, Medicare, Medicaid, senior style living, care giving, etc. grow in complexity, the demand and need for information and guidance will certainly increase. Also, it appears that more and more of our retirees are either leaving Massachusetts and New Hampshire totally or at a minimum wintering down south. We need to evaluate this in terms of the services we provide to determine if there are out of state needs we should address. Also, as our membership ages and members pass on there is an increasing need to provide services to spouses of deceased or critically ill TSRA members. In 2010 we reinitiated a Surviving Spouse Support Group which is currently in the process of defining its mission objectives and plans. This group will take on added significance to more members as we move forward.

As noted earlier, there have been significant changes in Textron leadership at the local and corporate levels since our 2008 Strategic Plan. While Mark Catizone remains the Sr. VP and General Manager of TDS, the HR leadership there has changed, with Dan Hanlon as VP. We have an excellent working relationship with him and his staff. Textron Systems has a new President and CEO, Fred Strader and a new VP for TSC HR, Rob Powers. TSRA is in the process of building relationships with these men and their staffs. It appears that TSC is transitioning towards a holding company operational model where each location is held responsible for their respective operations and bottom line. With this "stove piping", consideration of expanding TSRA membership to other locations in a collaborative fashion must be revisited again in the coming years. As noted earlier, TSRA has remained a TSC / TDS Wilmington only entity. At Corporate, Lewis Campbell has retired and been replaced by Scott Donnelley, a former GE leader. We have begun a working relationship with Cathie Streker, VP for HR and Benefits. We look to build upon that in the coming years. We would also like to leverage that relationship to help us attain a good working relationship with Fidelity Investments.

## **Critical Challenges that are Emerging**

As a result of the current state of TSRA and the changes in environment summarized in the above sections, there are eight critical challenges that are emerging:

- **TSRA needs to be well informed of the retirement related challenges that are being brought about by the new Administration's policies on health care reform and economic stimulation and to initiate appropriate services for our members.**
- **TSRA needs to be well informed of the retirement related challenges that are being brought about by significant changes in corporate philosophy with respect to retirement benefits and to initiate appropriate services for our members.**
- **We need to increase our emphasis on recruiting current employees from the manufacturing and other non-exempt portions of the population.**
- **TSRA needs to recruit (from its current membership) a significant number of new volunteers to help with the projected growth in membership and the increase in member services that we will need to provide.**
- **TSRA needs to assure continuity and succession of leadership.**
- **We need to strengthen our relationships with the leadership of TDS, TSC, TXT, and Fidelity. This is a two-way street. We must provide value to those entities while we seek their continued support to our mission.**
- **We need to optimize our organizational structure and processes for getting things done in light of the projected work far outpacing the number of volunteers available to help out.**
- **While our quarterly Newsletter is very well received by our membership we still need to continually improve communications between the TSRA board and our members. The Website is an invaluable source of very useful information but is still highly underutilized. There is no convenient vehicle for members to converse among themselves or with members of the Board on any topic of interest. Communications with non TSRA members of the current workforce also must be improved as a means to attract more new members.**

In previous sections we have summarized the changing environment in the government and corporate worlds and the impact on our membership that will challenge us as we move forward. We also discussed the need to grow strong relationships at all levels within Textron and Fidelity. What we have not yet discussed are the challenges facing TSRA organizationally.

The current TSRA membership is made up primarily of professional people, ie. engineers, program managers, financial analysts, managers, and administrators. The percentage of members from the manufacturing community and other non-exempt employees is quite small. The membership of the current Board of Directors reflects this same distribution. Currently there are no members of the Board that hail from the production lines of TDS. We have attempted to understand the reasons behind this and believe that this can be attributed to one or more of the following factors:

1. Inadequate communications with that portion of the TDS workforce;
2. Perception that TSRA is focused only on the needs of the professionals since the Board's historical composition has shown a predominance of professionals and senior managers at the VP and above level.
3. A basic mistrust of the TSRA organization and agenda
4. Association with TSRA could be viewed as a negative to Textron management

The challenge here is to understand the reluctance of this important portion of the workforce to join TSRA, to address that reluctance, and to increase membership from that important portion of the workforce.

Organizationally TSRA maintains its original 5 Standing Committees: Retirement Benefits Affairs, Membership Affairs, Finance Affairs, Communications, and Nominations (ie. Recruitment). All committees are in need of new volunteers, both as contributors and potential successors for the respective chairs. Our past attempts at recruiting volunteers have not been successful in addressing these needs. A new recruitment approach is required. We believe this recruitment needs to be initially specific task based, not necessarily committee based. We are also looking at ways to task members who are willing to help out remotely. We believe that a large number of our tasks can be done remotely. While all committees exist in name, in general they do not operate as fully functional teams; most of the work gets done by a small percentage of the team membership, and committee meetings are few and far between. We need to get more members of the current committees actively engaged as well.

Another challenge is how to best integrate the Pre-retirees Working Group into our current organizational structure. Our current thinking is to establish another (sixth) Standing Committee with a dedicated Director / Committee Chair. In the future we will also need to address how to integrate our Surviving Spouse Group into the organizational structure as well. Finally, with the required growth in benefits related services, one of our top priorities is to increase our RBAC membership significantly with several qualified members, each having specific areas of expertise (possibly requiring additional formal training) and specific task responsibilities.

## **Overarching Strategies for 2010 and Beyond**

### **Advocate for the Protection of our Retirement Benefits**

The most effective strategy for successful advocacy is developing a strong working relationship with Textron management at all levels: TDS, TSC, and Textron Corporate. This relationship must be a win – win proposition for both TXT and TSRA. We must find ways to bring value to Textron if we expect to realize continued support from them at all levels. We must strive to maintain our non-threatening relationships. Increasing pre-retiree TSRA membership will also strengthen our advocacy position. Our advocacy position could be strengthened significantly more if we were to expand TSRA membership to include other operating units within TSC and eventually other Divisions of Textron. This is a long term strategy that needs to be thoroughly vetted before being implemented.

Another strategy that we need to implement is one of being proactive in developing retirement benefits-related position papers and petitions for both Textron and our elected State and Federal Government representatives.

### **Sponsor Activities Geared Towards Retirement Realization and Fulfillment**

Our members have indicated a high degree of satisfaction in TSRA's ability to achieve this mission objective. However, as we move forward there are new strategies that we need to implement needed improvements in this area. We need to increase the number of seminars we sponsor and do it in a collaborative fashion with TSC / TDS Wilmington. In scheduling these events we must be more sensitive to the pre-retirees' availability to attend. We need to increase our audience for these events by increased communication with both the TSRA membership and the Wilmington workforce. We should look at both webcasting and conference call methods of getting participation from our remote membership and emphasize the need for more time allocated to Q & A. We need to assure and remind our membership that all presentation materials will be put online at our website within 48 hours of the seminar.

We need to invest in obtaining formal training for some of our volunteers in certain critical areas of retirement realization and fulfillment. We must complete our Guidelines for Retirement and develop a search engine-driven FAQs database and distribute to our membership. The implementation of an online TSRA GoogleGroup / Blog will also facilitate timely interchange of information among our members and enable timely benefits related Q&A among TSRA members and Committee Chairs / Officers. This "Blog" should serve as an effective communications vehicle for continuing dialog originating from our seminars. We need to look at a long term strategy of becoming an "Organizer of Benefits" and a sponsor of Group based insurance plans.

### **Provide Opportunities to Stay in Contact and Socialize**

Here also our members have indicated a high degree of satisfaction in TSRA's ability to achieve this mission objective. All the social events we have sponsored have been well received by the attendees. We will continue to bring additional variety to our social events to assure that they do not become "stale" as we strive to attract more members looking for social contact. Per our survey results we will continue to look for new and exciting activities for our members, including evening events such as Dinner Theatre and Dinner & Dancing as well as possible day trips to places like Foxwoods and Mohegan Sun.. We will also make sure to factor in our increased pre-retiree membership by selecting dates and times when pre-

retirees may attend. We will continue to make transportation available as best we can and will post event attendance lists on our website as members sign up for the various events. This will enable members who are considering attending an event to know who else will be attending that event.

The implementation of the online TSRA GoogleGroup / Blog noted above will also afford our membership convenient means to keep in touch with former work associates who are now TSRA members.