

The Boeing Company Voluntary Investment Plan (VIP)

Catch-up Guide

This guide will assist you in determining whether you are eligible for catch-up contributions and provide information to assist you in deciding whether to make a catch-up contribution election. You should consult with your financial advisor and/or tax consultant before making important financial decisions.

Catch-up contributions allow you to maximize your pretax and/or Roth savings by contributing more than the normal annual Internal Revenue Service (IRS) limits. **To view IRS limits for this year, select “Key Benefit Limits” within the Tools and Resources section of the My Retirement Income website.**

Eligible VIP participants who are at least age 50 and older may choose to make a separate election for additional pretax and/or Roth catch-up contributions over and above normal plan and IRS limits.

General Rules about catch-up contributions.	
Eligibility	<p>You are eligible to elect catch-up contributions starting any time during a calendar year if you:</p> <ul style="list-style-type: none">• Are eligible to contribute to the VIP, AND• Are or will be age 50 or older by the end of the calendar year; AND• Are currently contributing at least 8% on a pretax or Roth (if eligible) basis or a combination of both to the VIP or you have already reached any ONE of the following limits:<ul style="list-style-type: none">o The annual IRS limit on total pretax and Roth (if eligible) contributions; oro The annual IRS limit on total contributions including pretax, Roth, aftertax and all employer contributions; oro Your eligible pay has surpassed the annual IRS compensation limit for the year. <p>NOTE: Catch-up contributions are not matched by the Company.</p>
Maximum catch-up contributions	<p>You may contribute up to 50 percent of your base pay in catch-up contributions, on a pretax or Roth (if eligible) basis or a combination of both each pay period until you reach the annual IRS catch-up limit. The IRS limits the amount of catch-up and Roth catch-up contributions an employee may make during a calendar year. Once you have reached the annual limit for catch-up contributions, these contributions will automatically stop. Catch-up limits are tracked separately from and are different than regular pretax and Roth contribution limits. Please see the “Key Benefit Limits” within the Tools and Resources section of the My Retirement Income website for the current maximum catch-up limit.</p>

General Rules about catch-up contributions.	
How the catch-up feature works	<p>You may make your catch-up election at any time during the year as long as you meet the eligibility requirements noted above. Electing a high percentage would allow you to reach your total annual catch-up contribution in relatively few paychecks rather than spreading your contributions across all or most of your paychecks throughout the year. You must make your catch-up election change in late December for it to take effect beginning with the first pay period of the new year. If you make your election late in the year, you will be spreading your contribution percentage over fewer pay periods which means you must designate a larger percentage deduction if you have a specific goal amount for the year. Your catch-up election will carry over from one year to the next, unless you choose to change it.</p> <p>You will need to calculate how many pay periods are left in the year at the time you make your election and the percentage of pay that must be deducted from each paycheck if you want to reach the annual catch-up amount.</p>
How to elect catch-up contributions	Refer to <u>Electing catch-up contributions</u> below.
Changing your catch-up contribution	You may change or cancel your catch-up election at any time and as often as you wish throughout the year. It generally takes 1 to 2 pay periods for contribution percentage changes to take effect on your paycheck.
Your catch-up election remains in effect until you make a change	Your pretax and/or Roth catch-up contribution percentage election will remain in effect for future years until you change or cancel it. However, the annual IRS catch-up limit may increase in future years, so you may want to increase your catch-up percentage if the catch-up limit has increased. Be aware, if you reduce your regular contribution election on a pretax and/or Roth basis under 8 percent, this may shut off your catch-up contributions unless you have already reached one of the IRS limits (see above).
Making a change to your contribution rate may affect your catch-up contributions	Your catch-up contributions will stop if you reduce your regular pretax and/or Roth contribution below 8 percent and you have not yet reached the annual elective deferrals limit, the annual limit on total contributions or the annual IRS compensation limit.
Catch-up contributions and Plan/IRS maximums	If you elect to make catch-up contributions but your regular pretax and/or Roth contributions do not reach the Plan maximum by the end of the current year, your catch-up contributions will automatically be reclassified as regular pretax and/or Roth contributions. Any contributions beyond the regular pretax and/or Roth contribution limit will be treated as catch-up contributions.

General Rules about catch-up contributions.	
How your catch-up contributions are affected if you reach the IRS catch-up contribution limit during the year	<p>If you elect to make catch-up contributions and reach the annual IRS catch-up contribution limit prior to the end of the year, your catch-up contributions will stop for the remainder of the year. Your catch-up contribution election will resume beginning with your first paycheck in the following year until you reach your catch-up contribution limit, unless you make another percentage election.</p> <p>Please note that the maximum catch-up contribution limit may increase from one year to the next, so you may want to increase your catch-up contribution percentage each year the catch-up contribution limit increases, depending on your current base pay and your financial situation. The IRS usually announces the next year's annual limits in the fall. It is a good idea to review your elections, year to date contributions and annual IRS limits periodically throughout the year.</p> <p>Catch-up contribution limits apply to individual employees on a calendar year basis. If you have made catch-up contributions to another employer plan during the year, in addition to the Boeing VIP, the total catch-up contribution maximum set by the IRS for the calendar year applies to all 401(k) and 403(b) plans combined that you have contributed to. You are responsible for keeping track of your annual catch-up contribution amounts. Should you exceed the catch-up limit, you must request a refund prior to the following year's tax reporting deadline. Call the Boeing Retirement Service Center for assistance.</p>
Additional information regarding catch-up contributions	<p>Here is some additional information regarding catch-up contributions:</p> <ul style="list-style-type: none"> • Catch-up contributions are not eligible for employer match contributions even if they are reclassified as regular pretax and/or Roth contributions. • Catch-up contributions may not be made on an aftertax basis. • You are always 100 percent vested in your catch-up contributions, just as you are 100 percent vested in your regular pretax and/or Roth contributions. • Catch-up contributions must be made during the calendar year in which they are elected. You cannot make catch-up contributions for previous years. • Catch-up contributions must be made in 1 percent increments. You cannot elect a fractional percent. • Catch-up contributions are subject to the same loan and withdrawal restrictions as your regular pretax and/or Roth contributions. See the VIP Summary Plan Description or visit the My Retirement Income website for information on taking loans or in-service withdrawals from your VIP account. • When you return from military leave, you will be able to make up your catch-up contributions in the same way as you make up your pretax and/or Roth contributions for the period of time you were out on military leave. Call the Boeing Retirement Service Center at 1-866-473-2016 for more information. • Catch-up contributions will be combined with your regular pretax and/or Roth contributions on your participant account statement and in Box 12 of your annual W-2 Form.

Examples of the catch-up contribution process

Below are some examples that explain how catch-up contributions work in different situations.

The following four examples are based on an annual IRS pretax and/or Roth contribution limit of \$18,000 and an annual IRS catch-up contribution limit of \$6,000. **To view IRS limits for**

the current year, visit “Key Benefit Limits” within the Tools and Resources section of the My Retirement Income website.

Example 1 – IRS annual limit was not met and all catch-up contributions are reclassified:

Assumptions:		
Age this calendar year	50	
Eligible base pay	\$50,000	
Current regular pretax contribution election	8% of base pay - \$4,000	
Maximum percent participant may contribute	30% of base pay on a pretax and/or Roth basis	
Catch-up contribution election	4% of base pay - \$2,000	
Contribution calculation for the current year		
Description	Amount	Comments
Pretax and/or Roth contributions	\$4,000	8% of base pay. Did not reach IRS maximum amount of \$18,000.
Additional amount needed to reach the regular IRS limit	\$14,000	
Catch-up contributions reclassified as pretax contributions	\$2,000	Since the maximum IRS limit was not met all of the catch-up contributions will be reclassified as regular pretax contributions for the year.
Total pretax and/or Roth Contributions	\$6,000	\$4,000 + \$2,000
Total contributions that qualify for employer match (assumes employee is eligible for employer matching contributions)	\$4,000*	The \$2,000 catch-up contributions that were reclassified are not eligible for employer matching contributions.
*To find out if you are eligible to receive employer matching contributions on your regular pretax and/or Roth contributions and the amount of your contributions that will be matched, go to Additional Information on the Account Overview page of the My Retirement Income website.		

Example 2 – IRS annual limit was not met and partial catch-up contributions are reclassified:

Assumptions:		
Age this calendar year	51	
Eligible base pay	\$80,000	
Current regular Roth election	18% of base pay - \$14,400	
Maximum percent participant may contribute	30% of base pay on a pretax and/or Roth basis	
Catch-up Roth contribution election	6% of base pay - \$4,800	
Contribution calculation for the current year		
Description	Amount	Comments
Pretax and/or Roth contributions	\$14,400	18% of base pay. The participant did not reach IRS maximum amount of \$18,000.
Additional amount needed to reach the IRS limit	\$3,600	
Catch-up contributions	\$4,800	6% of base pay.
Catch-up contributions reclassified as Roth contributions	\$3,600	Since the maximum IRS limit was not met, \$3,600 of the catch-up contributions will be reclassified as regular Roth contributions for the year. The catch-up contributions that were reclassified are not eligible for employer match.*
Remaining catch-up contribution amount	\$1,200	
Total Roth Contributions	\$19,200*	\$18,000 plus catch-up of \$1,200.
*To find out if you are eligible to receive employer matching contributions on your regular pretax and/or Roth contributions and the amount of your contributions that will be matched, go to Additional Information on the Account Overview page of the My Retirement Income website.		

Example 3 – elect a high percent to reach the catch-up maximum early in the year:

Assumptions		
Age this calendar year	60	
Eligible base pay	\$100,000 (\$3,846 per pay period)	
Catch-up contribution election amount	\$6,000	
Catch-up percent elected by participant	50%	
Catch-up calculation for the current year		
Description	Amount	Comments
Catch-up contribution election	\$6,000	
Amount deducted as catch-up contributions per paycheck	\$1,923	$\$3,846 \times 50\%$
Number of pay periods a catch-up deduction will be taken	4	$\$1,923 \times 4 = \$7,692$
Amount greater than the designated catch-up election	\$1,692	Since, $\$1,923 \times 4$ paychecks = \$7,692, catch-up contributions would be greater than the election and the IRS maximum allowed for the current year.
Adjusted catch-up deduction for the 4th paycheck	\$231	$\$6,000 - (\$1,923 \times 3 \text{ paychecks} = \$5,769) = \$231$. Payroll will automatically adjust the deduction in the 4 th paycheck and no further catch-up contributions will be made for the remainder of the year.

Example 4 – elect to make catch-up contributions late in the year. The example demonstrates the participant’s catch-up contribution amount for the current year when elected late and the following year when contributions are made the entire year.

Assumptions:		
Age this calendar year	53	
Eligible base pay	\$105,000 (\$4,038 per pay period)	
Current regular pretax contribution election	At least 8% on a pretax basis	
Desired Catch-up contribution amount	\$6,000 (see below for percentage of base pay)	
IRS Maximum Catch-up limit for current and next year	\$6,000	
Catch-up calculation for the current year		
Description	Amount	Comments
Desired catch-up contribution	\$6,000	
Number of pay periods left in the year	6	
Percent of each remaining paycheck	25%	$\$4,038 \times 25\% = \$1,009.50$
Amount greater than the designated catch-up election	\$57.00	Since, $\$1,009.50 \times 6$ paychecks = $\$6,057.00$, catch-up contributions would be greater than the IRS maximum allowed for the current year.
Adjusted catch-up deduction for the last paycheck	\$952.50	$\$6,000 - (\$1,009.50 \times 5 \text{ paychecks} = \$5,047.50)$. Payroll will automatically adjust the deduction.
Catch-up calculation for next year		
Description	Amount	Comments
Desired catch-up contribution	\$6,000	
Number of pay periods left in the year	26	
Percent of each paycheck deducted as catch-up	6%	$\$4,038 \times 6\% = \242.28
Amount greater than the designated catch-up election	\$299.28	Since, $\$242.28 \times 26$ paychecks = $\$6,299.28$, catch-up contributions would be greater than the IRS maximum allowed for the year. If 5% were elected, the catch-up contributions would be short of \$6,000 ($\$4,038 \times 5\% = \201.90×26 paychecks = $\$5,249.40$).

Actual number of pay periods a deduction will be taken at 6%	24	$\$242.28 \times 24 = \$5,815.38$, \$184.62 less than the designated election and the IRS maximum allowed for the current year.
Adjusted catch-up deduction for the 25th paycheck	\$184.62	$\$6,000 - (\$242.28 \times 24 \text{ paychecks} = \$5,815.38) = \$184.62$. No catch-up deduction will be taken for the 26 th paycheck.

Electing catch-up contributions

If eligible (see “Eligibility” in the “General rules about catch-up contributions” table above), you may elect to make catch-up contribution elections by selecting “Change Contribution Rates” within the I Want To section of the My Retirement Income website.

This guide summarizes the Plan’s catch-up contribution provisions. Every effort has been made to provide an accurate summary of the catch-up contribution feature. If questions concerning the Plan’s interpretation or administration arise, the official plan documents will be used to resolve the issue.

To be eligible to make catch-up contributions on a Roth basis, you must be a nonunion employee or an employee represented by a union that has negotiated for this plan feature.