

ICP Defined Benefit Pension Plan and Defined Contribution Investment Plan Cost Estimates

The following information is provided to assist offeror's development of RFP estimates and augments the "Retirement" cost information provided on the Shared Library for FY 04 fringe benefits costs shown at:

<http://www.id.doe.gov/doi/RFPSharedLibrary/xls/BBWI fringe data.xls>

Note: The INL and ICP RFPs assume that current BBWI company wide overhead costs will split 58% to the ICP contract and 42% to the INL contract. The following discussion of estimates relates only to ICP cost estimates.

PENSION PLAN

The INEEL Employee Retirement Plan is a Defined Benefit plan designed to provide employees income in addition to Social Security benefits. Normal retirement age is 65 with early retirement with unreduced benefits starting as early as age 62. Early retirement with reduced benefits may start before age 62 if certain requirements are met. The company pays all of the costs of the retirement plan and these costs are to be included in the ICP contract Target Cost. An employee becomes fully vested after completion of 5 years of cumulative service or when an employee reaches their 65th birthday. Benefits are calculated using the plan's formula. Benefit amounts are based on earnings while a participant in the plan and on years of participation in the plan. The plan is currently open to regular full-time employees and regular part-time or temporary employees. Regular part-time or temporary employees are eligible to join the retirement plan the first day of the month after completion of a year of eligibility service which includes at least 1,000 hours of service in a 12-month period counted from the date of hire or in any subsequent plan year.

The following summarizes an April 2004 actuarial update to the pension estimates for FYs '05 thru '08 for ICP employees (2,629) at INEEL.

	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
Min.	\$16.8M	\$24.9M	\$26.1M	\$19.7M
Midpoint	\$21.7M	\$52.4M	\$49.3M	\$49.0M
Max.	\$26.7M	\$80.0M	\$72.5M	\$78.3M

RFP offeror's will need to include Pension Plan costs in their overhead or fringe pool estimates for each year of the ICP contract, recognizing that actual costs will be based on the Pension Plan's portfolio market performance. The estimate for FY'05 should only be for 5 months versus full year. Actual pension plan costs incurred will be included in the contractor's Target Cost.

INVESTMENT PLAN

The INEEL Employee Investment Plan is a 401K defined contribution plan administered by The Vanguard Group. Participation in the Plan is entirely voluntary. Regular full-time employees are eligible to participate on the first of the month following their date of hire. Part-time and temporary employees are eligible after completing 1,000 hours of service within an eligibility year. An employee may contribute from 1% to 50% of their base monthly salary. The company will match 60% of the employee's contributions up to 8% in cash. The right to the company match is based on a 5-year step-vesting plan based on years of service with the company.

Historically, ICP employees' (2,629 eligible) participation in the Investment Plan has resulted in an annual company cost of about \$7.0M. RFP offeror's will need to include Investment Plan costs in their overhead pool estimates for each year of the ICP contract. The estimate for FY'05 should only be for 5 months versus full year. Actual Investment Plan costs incurred will be included in the contractor's Target Cost.