

SECRETARIAL POLICY STATEMENT ON CONTRACTOR DEFINED BENEFIT PENSION PLANS

The Department of Energy (DOE) has a longstanding interest in the retention and well-being of the workforce employed by its management and operating (M&O) and other significant contractors, which today include nuclear, laboratory, and environmental clean-up contractors. Much of the work performed by employees under M&O and other significant contracts initially required and continues to require highly specialized knowledge, as well as extensive training, which are necessarily obtained over lengthy periods on the job. Historically, when new contractors took over operations at DOE sites, they assumed sponsorship of the incumbent contractor's employee benefit plans for the incumbent workforce. Those plans, in effect, became identified with the site rather than a particular contractor. As part of the Department's strategy to ensure continuity of the site workforces and retain its unique skill set, the Department typically required new contractors to assume sponsorship of the incumbent contractor's defined benefit pension plans or comparable plans.

Accordingly, in order to meet the challenge of retaining a skilled contractor workforce while maintaining the flexibility to manage the costs of competitive retirement programs in the future, it is my determination that in all future solicitations where DOE had required the outgoing contractor to become a sponsor of a defined benefit pension plan, the solicitation and new contract will require (a) new contractors to sponsor and maintain those existing defined benefit pension plans (or comparable successor plans if continuation of the existing plans is not practicable) for incumbent contractor employees; and (b) permit incumbent contractor employees to remain in their pension plans. This policy statement will neither prevent nor require employers to permit new hires to participate in such existing defined benefit pension plans, nor will it prevent amendments to those plans (or comparable successor plans). Any amendments should give due consideration to the effect of such amendments on participants eligible for retirement or nearing retirement, particularly those participants who are closer to eligibility for retirement and must be consistent with Departmental policy and written instructions.