



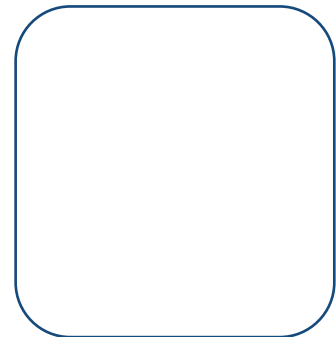
Your Retirement Guide

A step-by-step checklist

delivered by
Hewitt

You're Retiring Soon

Congratulations! Retirement is a big step.



You'll be asked to make many important decisions about your Alcoa benefits and your financial security over the next few weeks and months. This easy-to-use guide takes you step by step through the Alcoa retirement process. It also gives you information about some of the other things you need to know, do, and consider to make sure that your retirement starts off right.

How to Get Started

Just call **1-888-ALCOA 123 (1-888-252-6212)** and enter your Social Security number and password. Next, say "retirement" and choose the option to "initiate retirement." You'll be transferred to a Retirement Specialist. That specialist will be your single point of contact for the entire process, and he or she will work with you—using this guide—until you retire. Your Retirement Specialist's job is to make the process easy, convenient, and hassle free—and to make sure that you retire with peace of mind.

Note: If your Retirement Specialist isn't available when you call, another specialist can provide an update for you or schedule a time for your Retirement Specialist to return your call.

TIP: START THE PROCESS THREE MONTHS OUT.

While you're able to estimate your projected retirement benefit at any time before you actually begin the retirement process, plan to start the retirement process 90 days before you want to retire. This will give both you and Alcoa enough time to get everything in place for a smooth transition.



ALCOA INFOLINE

1-888-ALCOA 123
(1-888-252-6212)

Representatives are available Monday through Friday (9:00 a.m. to 5:00 p.m. Eastern Standard Time).

Your Benefits Resources is available 24 hours a day, 7 days a week, at: <http://resources.hewitt.com/alcoa> except on Sundays between 12:00 a.m. and 1:00 p.m. Eastern Standard Time.

TIP: USE DIRECT DEPOSIT AND DIRECT DEBIT.

Direct deposit makes receiving retirement plan payments easy and convenient. Direct debit gives you a hassle-free way to pay any required premiums. To set up direct deposit or direct debit, have your bank or other account information available as you work through the retirement process.

Working With Your Retirement Specialist

Retirement specialists understand how important your retirement decisions are. They'll take all of your benefit elections over the phone, help you complete and return any required paperwork, and help you understand:

- How to choose a retirement date that maximizes the benefits you'll receive from Alcoa;
- What your benefit options are;
- The forms and information you'll receive in the mail about your benefits;
- The topics you may want to discuss with a financial and/or tax advisor for your retirement savings;
- How to begin your Social Security and Medicare benefits, if applicable; and
- What action steps you need to take and when.

TIP: REMEMBER TO REPORT ADDRESS CHANGES.

After you retire, don't forget to let Alcoa know when your address changes. To report an address change, visit the Your Benefits Resources™ Web site at <http://resources.hewitt.com/alcoa> or call 1-888-ALCOA 123 (1-888-252-6212) and ask to speak with a representative. You'll need your Social Security number and password.

Online Tools and Information

If you like using the Internet, visit the Your Benefits Resources Web site at <http://resources.hewitt.com/alcoa> for detailed, personalized information about your Alcoa benefits and easy-to-use modeling tools that will help you make decisions about your benefit options. You can even complete the entire retirement process online, if you want to, without the assistance of a Retirement Specialist. Of course, you may call a Retirement Specialist at any time if you need help.

TIP: REMEMBER YOUR SOCIAL SECURITY NUMBER AND PASSWORD.

For your security, you'll need your Social Security number and password to work with a Retirement Specialist or access personalized information or modeling tools on the Your Benefits Resources Web site. If you don't know your password, visit <http://resources.hewitt.com/alcoa> or call 1-888-ALCOA 123 (1-888-252-6212) to request a new one. Don't forget your Social Security number and password—you'll need them to call or log on after you've retired, too.

The Retirement Process at a Glance

- Review your current benefits and retirement options on the Your Benefits Resources Web site at <http://resources.hewitt.com/alcoa>.
- Project your future retirement income and review key retirement dates on Your Benefits Resources.
- Run a pension estimate with your desired retirement date and save estimates you like for review later.
- Review your personal finances, including Social Security and other investments outside of the Alcoa benefit plans (the retirement checklist available on Your Benefits Resources will help).
- Consider finding a financial and/or tax advisor you trust.
- Start paying off loans, mortgages, and credit card debt.

1 Year Before

6-9 Months

- Review/update your beneficiary designations for all your insurance and retirement plans.
- Review the "Answer Center" on the Your Benefits Resources Web site regarding calculation details, payment options, health care plan rules, and Alcoa Savings Plan distribution options.
- Contact MetLife at 1-800-451-4192 to determine options for continuing your life insurance policies.
- If you're eligible for the Deferred Compensation Plan, consider requesting a Terminal Distribution Form to update the payment election for your pre-2005 deferrals (this form must be received at InfoLine six months in advance of your retirement date).

- Contact InfoLine at 1-888-ALCOA 123 and ask to speak with a Retirement Specialist at least 30 calendar days, but no more than 90 days, before your planned retirement date. On that call, make an appointment with your Retirement Specialist to help coordinate your retirement benefits.
- If you're eligible, apply for Social Security benefits.
- If you're eligible, enroll in Medicare Parts A and B.
- Contact your manager and local HR representative to confirm your retirement date.

90 Days

8-75 Days

- Receive your Retirement Kit from InfoLine. Review your personalized information regarding your retiree health benefits and Pension Election Worksheet (if applicable).
- Keep your appointment with your assigned Retirement Specialist.
- Write down your questions regarding the retirement process and benefits. Provide your retiree health care and pension payment elections, if applicable, to your Retirement Specialist.
- Set a second appointment with your specialist so he or she can confirm receipt of the Pension Election Authorization (PEA) Form reflecting your pension payment election and any outstanding documentation needed to process your retirement.

- Sign and return your Pension Election Authorization (PEA) Form and any required proof documents to InfoLine. If the PEA is not received prior to your intended Benefit Commencement Date (BCD) (this is not your payment date), your retirement will be delayed.

30 Days

Note: Additional paperwork is required if you are applying for a disability retirement.

- Confirm your Medicare and Social Security enrollment and effective date.
- Review your life insurance coverage with MetLife and decide whether you want to continue coverage after retirement.

1 Week

- Your Retirement Specialist will contact you at the agreed date and time to confirm receipt of outstanding documentation to finalize your retirement benefits.

Note: If you're Medicare eligible and enrolled in Part B, your Part B coverage is effective coincident with your retirement date.

Retirement Date

Note: Pension payments are sent at the end of the month of your Benefit Commencement Date* (e.g., if your BCD is September 1, 2007, your payment would be sent by September 30, 2007).

- Receive your pension payment. Review that your deductions are reflected in your check or direct deposit advice.
- If you're not receiving a pension and are eligible to enroll in retiree health care, make arrangements to have premiums deducted from your checking or savings account. Log on to the Your Benefits Resources Web site for more information.
- Notify InfoLine if you're electing COBRA coverage for health benefits that you're not continuing into retirement (i.e., dental or the Health Care Fund, if applicable).

*If you're eligible for the SRP, you'll receive your SRP at the end of the month of your BCD and your monthly annuity will begin three months later.

30-60 Days

90 Days After

- Review your balances in the Alcoa Savings Plan and investments to consider rollover, distribution, and withdrawal options.

Note: If your vested balance in the Alcoa Savings Plan is \$1,000 or less, the account is automatically cashed out to you 90 days after your date of retirement if you choose not to roll it over. Balances between \$1,000 and \$5,000 will be automatically rolled over to Millennium Trust. All other balances will be paid out of the plan 90 days after reaching age 70.

Your Retirement Action Checklist

Use this checklist to keep track of what you need to do as you work through the retirement process.



Your Alcoa Benefits

Pension Plan

WHAT YOU NEED TO KNOW

- If you're vested in the plan, you'll receive a pension benefit.

Important: Choose your retirement date carefully. Your age and years of service have a big impact on the amount of your Pension Plan benefit. Your Retirement Specialist can give you the information you need to help you make the decision that's right for you.

WHAT YOU NEED TO DO

- Confirm your retirement date and the form of payment you want, as well as how you want to receive it.
- Return the required forms at least 30 days before your retirement date to make sure that your payments won't be delayed.
- Have your bank or other account information available to set up direct deposit.
- Call your Retirement Specialist or visit the Your Benefits Resources Web site for more information.

Savings Plan

WHAT YOU NEED TO KNOW

- Your plan contributions stop when you retire.
- You must pay back plan loans within 90 days or the outstanding balance will become taxable income.
- You can leave your money in the plan, take a portion or all of it in cash, or roll over a portion or all of it into an IRA (until age 70).
- You'll continue to choose how any money you leave in the plan is invested.

WHAT YOU NEED TO DO

- Choose how and when you want to take money out of the plan. Consider consulting the Financial Engines® Web site, which is accessible through the Your Benefits Resources Web site, or any other financial planner.
- Call your Retirement Specialist or visit the Your Benefits Resources Web site for more information.

Your Alcoa Benefits

Health Plan

WHAT YOU NEED TO KNOW

- You (and your spouse or other dependents) may be eligible for the Retiree Health Care Plan.
- The plan works in conjunction with Medicare when you become Medicare eligible (usually when you reach age 65). It's important to sign up for Medicare to receive full plan benefits. (See page 11.)
- Your monthly premium will be deducted from your monthly pension payment. If you won't be receiving pension payments or if your pension doesn't cover your premium amount, you'll be billed—or you can sign up for direct debit.

Important:

- If you opt out of the Alcoa Retiree Health Care Plan now, you can enroll at a later date if you experience a qualified status change or annually during your annual enrollment period.
- If you enroll now but drop your coverage or become ineligible for coverage in the future, you are able to reenroll as long as you've experienced a qualified status change or reenroll during your annual enrollment period.
- If your coverage ends due to nonpayment, you are not eligible to reenroll in the Alcoa Retiree Health Care Plan.

WHAT YOU NEED TO DO

- Find out if you're eligible to enroll.
- Decide if you want to enroll.
 - If you want to opt out, you may temporarily continue your coverage through COBRA (see below).
- Enroll before your retirement date.
- Have your bank or other account information available to set up direct debit, if needed.
- Call your Retirement Specialist or visit the Your Benefits Resources Web site for more information.

Dental, Vision, and Health Care Spending Account

WHAT YOU NEED TO KNOW

- Coverage generally ends on your retirement date.
- You may temporarily continue your coverage through COBRA (see below).
- You may submit spending account claims for expenses that you incurred before your retirement date until March 31 of the calendar year following your claim.

WHAT YOU NEED TO DO

- See COBRA (below).

COBRA

WHAT YOU NEED TO KNOW

- If you decide to opt out of the Retiree Health Care Plan, you may temporarily continue your health, dental, and vision coverage—as well as your Health Care Spending Account contributions—through COBRA.

WHAT YOU NEED TO DO

- Decide if you want COBRA coverage.
- Enroll when you receive your COBRA enrollment materials in the mail.
- Have your bank or other account information available to set up direct debit.
- Call your Retirement Specialist or visit the Your Benefits Resources Web site for more information.

Your Alcoa Benefits

Life Insurance

WHAT YOU NEED TO KNOW

- ❑ Supplemental and dependent life, business travel accident, and accidental death and dismemberment insurance coverage ends on your retirement date.
- ❑ You may convert life insurance coverage that doesn't continue into retirement to an individual policy within 30 days of your retirement date.

WHAT YOU NEED TO DO

- ❑ Decide if you want to continue your current coverage.
- ❑ Contact MetLife Insurance Company at www.metlife.com, a local MetLife agent in your area, or 1-800-451-4192 to convert your current coverage.
- ❑ Call your Retirement Specialist or visit the Your Benefits Resources Web site for more information.

Disability

WHAT YOU NEED TO KNOW

- ❑ Short-term disability, long-term disability, and sickness and accident insurance coverage ends on the day you retire.

Long-Term Care

WHAT YOU NEED TO KNOW

- ❑ You may continue this coverage by paying premiums directly to the insurance carrier.
- ❑ If you don't continue your coverage, it may be difficult to enroll in another program that has comparable benefits and costs.

WHAT YOU NEED TO DO

- ❑ Think carefully about continuing your coverage in these programs.
- ❑ Contact MetLife Insurance Company at <http://alcoa.metlife.com> or 1-800-438-6388.

Vacation Time

WHAT YOU NEED TO KNOW

- ❑ If you are an hourly employee eligible for the Special Retirement Pension (SRP), your unpaid vacation time can be applied to your SRP.
- ❑ If you are not eligible for the SRP, any unused vacation time will be paid out to you automatically.

Retiree Programs

WHAT YOU NEED TO KNOW

- ❑ You may be eligible for the following as of your retirement date: gifts, awards, club memberships, discounts, and credit unions.

Other Resources/Action Steps

Social Security

WHAT YOU NEED TO KNOW

- ❑ You may begin receiving a reduced benefit as early as age 62; you'll begin receiving a full benefit between ages 65 and 67, depending on your birth date.

Important: Apply for Social Security benefit, if eligible, three months before your retirement date to ensure that your benefits will begin when you need them to.

WHAT YOU NEED TO DO

- ❑ Apply for benefits.
- ❑ Visit www.socialsecurity.gov or call 1-800-772-1213.

Medicare

See page 11 for more information.

WHAT YOU NEED TO KNOW

- ❑ You'll be automatically enrolled in Medicare when you sign up for Social Security benefits, unless you elect otherwise.
- ❑ You need to enroll within three months before you reach age 65. If you wait, you may have to pay a premium penalty for Medicare Part B coverage.

Important: Enroll in Medicare, if eligible, three months before your retirement date to ensure that your benefits will begin when you need them to and to avoid possible premium penalties.

WHAT YOU NEED TO DO

- ❑ Enroll in Medicare before you reach age 65, unless you are working and have active benefits.
- ❑ Visit www.socialsecurity.gov or call 1-800-772-1213.
- ❑ For information about Medicare, visit www.medicare.gov or call 1-800-MEDICARE (1-800-633-4227).

Medicare Part D

See page 11 for more information.

WHAT YOU NEED TO KNOW

- ❑ Alcoa's prescription drug coverage was certified to be comparable to or better than Medicare Part D drug coverage. As a result, you don't need to enroll in Medicare Part D. You can have both Medicare Part D coverage and Alcoa prescription drug coverage. However, if you enroll in Medicare Part D coverage, only Medicare Part D coverage will pay your prescription claims.
- ❑ You can find more information about the Medicare Part D prescription drug plans that are available to you (they're offered only through private companies) by using the "Prescription Drug Plan Finder" tool on Medicare's Web site at www.medicare.gov or by calling 1-800-MEDICARE (1-800-633-4227).

WHAT YOU NEED TO DO

- ❑ Review information about Medicare Part D coverage to determine if you want to enroll. (Remember that if you enroll in Medicare Part D coverage, you won't be eligible to receive benefits paid under Alcoa's prescription drug coverage.)
- ❑ If you choose Medicare Part D coverage, enroll directly with the Medicare Part D prescription drug plan of your choice between mid-November and December 31.

Other Resources/Action Steps

Pension and Savings Plan Benefits From Previous Employers

WHAT YOU NEED TO KNOW

- Are you eligible for pension plan benefits from past employers?
- Do you have balances in past employers' savings plans?

WHAT YOU NEED TO DO

- Factor these benefits into your planning.
- Decide how and when you want your benefits to be paid.
- Contact your former employers and/or financial institutions.

Personal Savings

WHAT YOU NEED TO KNOW

- Your personal savings, including bank accounts, IRAs, brokerage accounts, and other investments, are additional sources of retirement income.

WHAT YOU NEED TO DO

- Factor these savings into your planning.
- Contact your financial institutions.

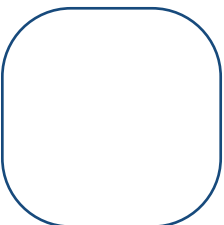
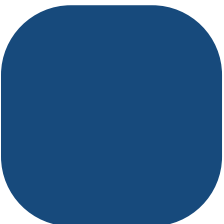
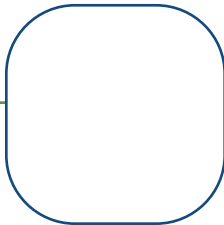
Estate Planning

WHAT YOU NEED TO KNOW

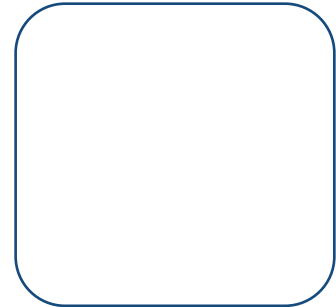
- An estate plan ensures that you and your beneficiaries get the maximum value from your hard-earned money—both before and after your death.
- You should consider having a will, living trust, durable power of attorney, power of attorney for health care, and/or a living will.
- Estate planning is for everyone, not just wealthy people.

WHAT YOU NEED TO DO

- Gather and review all your financial records, current will, etc.
- Contact a lawyer and a financial and/or tax advisor.



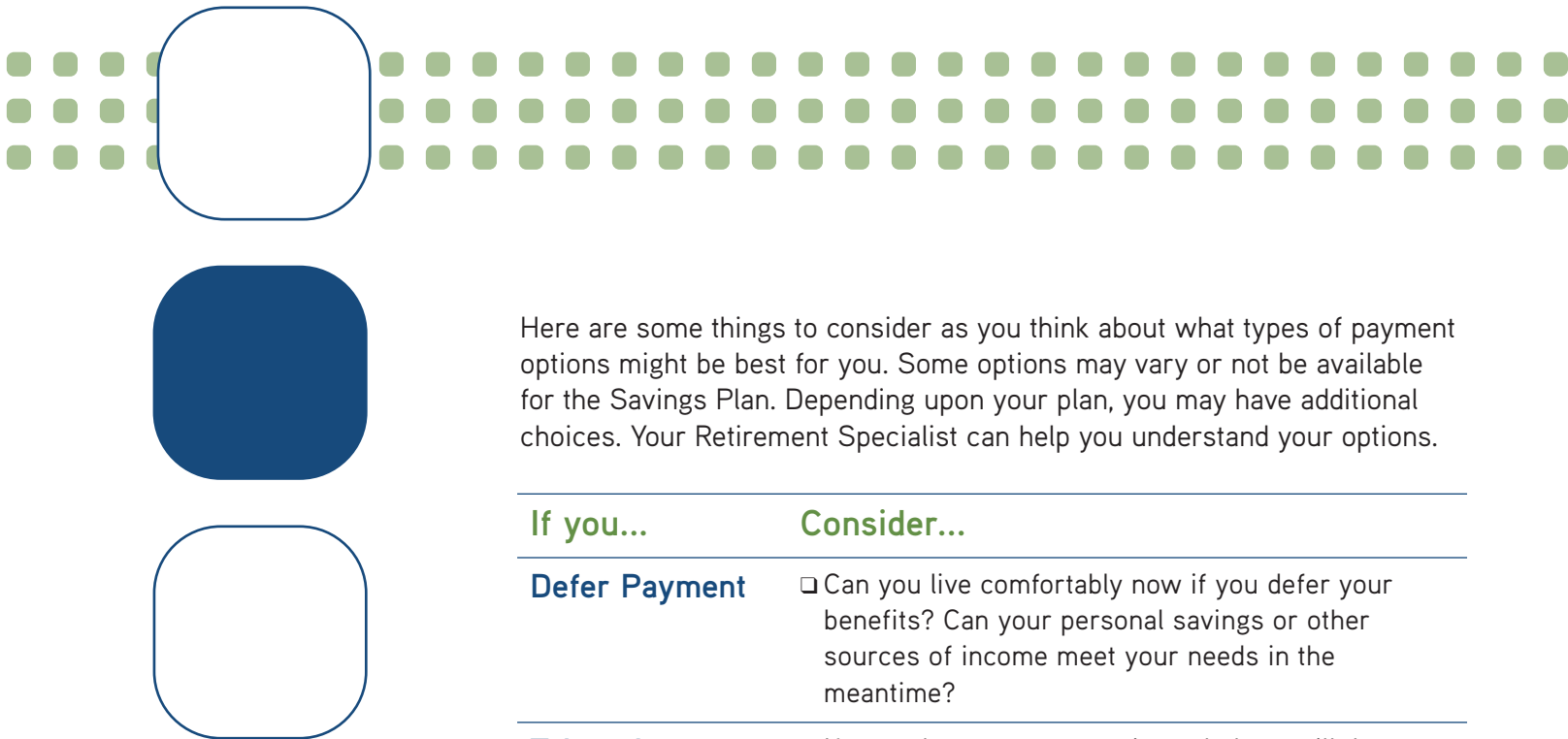
Your Retirement Plan Payment Options and Considerations



If you're eligible, you'll be asked to choose among several Pension Plan and Savings Plan payment options as part of the retirement process. Your Retirement Specialist can help you understand your options and the tax rules that may apply. Because these rules are very complex, you should consider talking with a qualified financial and/or tax advisor about your personal situation.

You may have to pay income taxes on your Pension Plan payments and any money you take out of the Savings Plan. Under current federal law:

- You can continue to defer income taxes until 90 days after you reach age 70 by rolling over lump-sum payments into an IRA or another tax-qualified plan.
- Twenty percent of lump-sum payments must be withheld for tax purposes—unless you roll them over directly into an IRA or another eligible retirement plan. The amount that's withheld will be subtracted from what you owe in income taxes for the year in which you took the lump sum.
- If you leave the company before you reach age 55 and don't roll over a lump sum that you take before you're age 59½, you may owe an extra 10% tax penalty in addition to your regular income taxes.
- You may roll over partial payments from the Savings Plan.



Here are some things to consider as you think about what types of payment options might be best for you. Some options may vary or not be available for the Savings Plan. Depending upon your plan, you may have additional choices. Your Retirement Specialist can help you understand your options.

If you...	Consider...
Defer Payment	<input type="checkbox"/> Can you live comfortably now if you defer your benefits? Can your personal savings or other sources of income meet your needs in the meantime?
Take a Lump-Sum or Total Distribution Payment	<input type="checkbox"/> If you take your payment in cash, how will the taxes affect your retirement security? <input type="checkbox"/> What are the benefits of rolling over the lump sum directly into an IRA? Will tax-deferred growth improve your retirement security? Will you be in a lower tax bracket in a few years and be able to pay lower taxes on the money you withdraw from an IRA?
Take a Single Life Annuity Pension Payment	<input type="checkbox"/> You'll receive a monthly payment for the rest of your life, and payments will end when you die. <input type="checkbox"/> Are you married? Will choosing this option hurt your spouse's financial security after your death? Do you have life insurance or other income or savings that will support your spouse after your death?
Take a Joint and Survivor Annuity Pension Payment	<input type="checkbox"/> You'll receive a monthly payment for the rest of your life. When you die, your beneficiary will receive a percentage of your monthly benefit for his or her lifetime. <input type="checkbox"/> Your monthly benefit will be lower than the amount that you would have received with a Single Life Annuity. The benefit amount may depend on your age, your beneficiary's age, and the percentage of the benefit that will be paid to your beneficiary when you die.

Alcoa's Retiree Medical Plan and Medicare



Medicare is a federal health insurance program for people who are age 65 and older and others, including some disabled people under age 65 and people with end-stage renal disease. It has three parts:

- Part A** This covers hospital stays, care in skilled nursing facilities, home health care, hospice care, and blood transfusions. Everyone who's eligible for Medicare gets Part A; there's no charge for it.
- Part B** This covers doctors' services, outpatient hospital care, and some medical supplies and equipment. It also covers some services that Part A doesn't cover, such as certain physical and occupational therapy and home health care services. Part B, which is optional, has a monthly premium that's deducted from your monthly Social Security benefits.
- Part D** This covers prescription drugs. Part D is optional—a monthly premium applies. Medicare delivers Part D coverage by contracting with private prescription drug plans. These plans offer standard Part D coverage and also may offer more coverage and additional drugs for higher monthly premiums. Several Medicare prescription drug plans are available in each state, so you'll need to determine which plan best meets your needs. You may enroll in Medicare Part D between November and December 31 each year. Enrollment isn't automatic—if you want coverage, you must enroll directly with the private prescription drug plan.

Important: If you enroll in Medicare Part D, you and any of your eligible dependents won't be eligible for Alcoa prescription drug coverage.

Alcoa's Retiree Health Care Plan (if eligible) works in conjunction with Medicare and determines your benefits—assuming that you have both Part A and Part B coverage and that you don't have Part D coverage. Although enrollment in Part B is optional, **it's important that you have both Part A and Part B coverage for Alcoa's plan to pay all eligible benefits.** Here's why: The plan covers eligible benefits that Part B doesn't, up to the amount that the plan would have paid on its own, whether you have Part B coverage or not. This means that if you don't have Part B coverage, you'll personally be responsible for paying the costs that Part B would have covered. Part D also is optional. However, Alcoa's prescription drug coverage was certified to be comparable to or better than Medicare Part D drug coverage. As a result, you don't need to enroll in Medicare Part D coverage.

QUESTIONS?

- Your Retirement Specialist can help you understand how Medicare works with the Alcoa Retiree Health Care Plan. For more information about Medicare, visit www.medicare.gov or call 1-800-MEDICARE (1-800-633-4227).
- To enroll in Medicare Parts A and B, visit the Social Security Administration Web site at www.socialsecurity.gov or call 1-800-772-1213.
- To enroll in Medicare Part D, enroll directly with the private Medicare Part D prescription drug plan of your choice.

Your Coverage Options

Visit the Your Benefits Resources Web site for more information about your options. The cost of your Alcoa retiree medical coverage may change each year. You'll receive information about any changes to pricing each fall before annual enrollment. If you're younger than age 65 when you retire, Alcoa's plan will be your primary plan until you reach age 65 and become eligible for Medicare. If you and your spouse become eligible for Medicare at different times, you'll be offered medical options that accommodate both of your Medicare eligibilities.

Enrolling in Medicare

You're eligible for Medicare when you reach age 65. For your convenience, you may enroll in Medicare and apply for Social Security benefits at the same time—as early as three months before you reach age 65. (If you're younger than age 65 and are already receiving Social Security benefits, you'll be automatically enrolled in Medicare as of the first day of the month in which you reach age 65.) If you wait to enroll in Medicare until you're already age 65, the start of your coverage may be delayed. Also, if you enroll after you're age 65, you may have to pay higher premiums unless you were still working and covered by Alcoa's Medical Plan or your spouse's plan. Special rules may apply if you are disabled.

Your Last Day at Work

Contact your local HR representative for information about what you may need to do before you leave work on your last day.

This guide provides a summary of Alcoa's retirement benefits. This guide does not supersede the description of benefits contained in the plan documents. In the event of any discrepancy between this guide and the plan documents, the plan documents will govern. Alcoa retains the right to make changes to the plan at any time.

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