



AIR TRANSPORT

DISTRICT LODGE 142



Pension Q & A

The following Q & A is part one of a series of communications about pensions.

Q: Who administers the frozen American Airlines (AA) pension plan?

A: The frozen AA pension plan is administered by American Airlines.

Q: Does the Pension Benefit Guaranty Corporation (PBGC)—the federal agency that insures pensions and administers standard and distressed pension terminations—have any involvement in the administration either the frozen AA pension plan or the IAM National Pension Fund (IAMNPF)?

A: No. As stated above, American Airlines administers the frozen AA pension plan. The IAMNPF, one of the largest and well-funded multi-employer pension plans in the United States, is administered by a Board of Trustees comprised of both union and management representatives and is currently over 100 percent funded. Visit www.iamnpf.org for more info.

Q: Does American Airlines want to merge the AA frozen pension plan into the IAM National Pension Fund (IAMNPF)?

A: Discussions about merging AA's frozen pension plan into the IAMNPF have not occurred.

The IAM has never merged an airline industry pension plan into the IAMNPF.

In fact, when Northwest Airlines, United Airlines and US Airways either froze or terminated their employer-sponsored, defined-benefit pension plans, the IAM did not merge these frozen and terminated plans into the IAMNPF. They remained administered by either the company or the PBGC, resulting in IAM members receiving two pension checks in retirement – one from the IAMNPF and one from their previous employer-sponsored plan.

Q: How did IAM members then gain participation in the IAMNPF?

After Northwest, United and US Airways either terminated or froze their employer-sponsored pension plans, IAM members at those carriers proposed, negotiated and ratified contracts that contained IAMNPF participation and continued an accrual of guaranteed retirement income.

Q: Are pre-merger American Airlines TWU members entitled to participate in the IAMNPF?

A: Yes. Part of the TWU-IAM Association agreement was to offer pre-merger American Airlines TWU members the option to negotiate into the IAMNPF. Visit www.usaamerger.com/twu-iam-association-agreements/ for more info.

The IAMNPF provides very unique retirement options that no other pension can offer.

For example, pre-merger US Airways mechanic and related employees currently have a \$85.46 multiplier based on a \$2.00 per hour employer contribution. As the employer contribution rises, so does the multiplier.

The chart below demonstrates what the monthly benefit for life would be for a pre-merger US Airways mechanic and related employee who begins service today at the above rate, for five, 10, 15, 20, 25, 30 and 35 years of credited service in the IAMNPF. Future negotiated increases in the employer contribution rate would increase the monthly benefit for life.

AA mechanic and related, fleet and stores employees will have the option to propose and negotiate into the IAMNPF to enhance their retirement income.

Years in IAMNPF	Monthly Benefit for Life
 5	427.30
10	854.60
15	1,281.90
20	1,709.20
25	2,136.50
30	2,563.80
35	2,991.10

For more information, visit www.iamnpf.org