

afa DECEPTION

Once again exhibiting its eagerness to dispute the undisputable, the afa has this to say about pensions:

“...if your social security payment is, for example, \$1,200.00 per month, Delta will reduce YOUR pension by \$600 a month. That’s \$7,200 a year YOU LOSE every single year you live and collect social security. Let’s say you live and collect social security for 10 years, then you will have lost \$72,000 with this social security offset. \$72,000! ...If our contract eliminated the social security offset – like United’s contract does – you would have to pay AFA’s \$39/month union dues for OVER 153 YEARS – THAT’S RIGHT 153 years – before you were paying more in union dues than that \$72,000 in social security offset you were no longer losing. Now which is a better deal? \$39 a month in union dues or losing \$72,000 in social security offset?”

That, to put it very politely, is misleading. Our pension may have a social security offset, but it has features that make it substantially better than United’s. United’s pension is based on career average earnings which are a F/A’s earnings from day one until retirement divided by years of employment. Consequently, United F/As retiring now would probably have career average earnings equivalent to what they were earning 12 – 14 years ago or around \$30,000, unless reduced further because they missed work due to maternity leaves, sick or disability leaves, furloughs, or strikes. Our pension is based upon 60% of our final average earnings (FAE) - our highest 36 consecutive months pay in our last ten years on the job so Delta F/As retiring now could easily have FAEs in the \$55,000 to \$60,000 range. Couple this with the fact that our pension provides 60% of FAE vs. 48% to 50% for United’s and the fact that we earn considerably more than United F/As to begin with, and our pension provides benefits which are thousands of dollars a year greater than United’s. Factor in what we’d have had to pay in union dues at United in the course of 30 years or so and our lifetime advantage jumps by another \$10,000 or so. Add what we could have earned by investing amounts equivalent to union dues in Delta’s Family Care Plan and our advantage jumps by another \$70,000 or so.

We thought we’d put this issue to rest back in October of 1999 in letter #45:

“... we’ve repeatedly demonstrated (most recently in letter #41), [that] our pension is ... substantially better than the “leading edge” pension the afa claims to have negotiated at United. What we didn’t know until recently, however, was that **our pension is also one of the very best in the U.S.** We found that out from a survey of retirement benefits which was conducted by the Wyatt Company (consultants and actuaries). The Wyatt survey includes 50 of the largest and best known companies in the U.S. Following are some of its findings that are particularly interesting. They are based upon final average earnings similar to what we can earn - \$55,500 per year...

- Pension and Social Security benefits for the surveyed companies’ employees retiring at age 65 with 35 years of service are equal on average to 67.2% of employees’ Final Average Earnings. Delta’s benefit under these circumstances equals 72.7% of such earnings. Therefore **our pension is better than that of companies like Amoco, ARCO, AT&T, Caterpillar, Chevron, Crysler, Coca-Cola, Dow Chemical, DuPont, Kodak, Exxon, GE, Hewlett-Packard, Minnesota Mining and Manufacturing, Mobile, Motorola, Shell Oil, Texaco, and Xerox, to name a few.** Only nine of the companies do better, and the top three – Ford (75.3%), GM (75.2%), and Westinghouse (74.6%) – all require employee contributions to their pension plans. Ford employees, for example, have to contribute 1.5% of their pay during their entire careers to get their pension benefits.
- Even though Crysler, GE, Goodyear, and Texaco employees also have to contribute to their pension plans, ours provides better benefits.
- The unions have criticized Delta because of the Social Security integration/offset in its pension, but **forty-one of the 50 companies have Social Security offsets and Delta’s pension is better than that of six of the nine companies that do not have Social Security offsets.** The other three offer benefits that are only fractionally better than Delta’s 72.7% – RJR Nabisco (73.1%), Tenneco (73.8%),

Westinghouse (74.6%). As we mentioned in letter #41, Delta's plan with a Social Security offset is nonetheless considerably better than the plan the afa negotiated at United that does not have an offset.

- When it comes to early retirement at age 55 with 30 years of service, the survey participants' pension/SS benefits ranged from 10.1% of Final Average Pay (Motorola) to 46% (Ford). Participants' benefits averaged 30.3%. **Delta's early retirement benefit, 47.4%, is better than any of these 50 major companies.**

afa HYPOCRACY

You'll notice that the afa never mentions its pension at US Airways. That's because, until last year, the contract it negotiated at US Airways also had a 50% social security offset. But, unlike ours, **US Airways social security offset was 50% of a F/A's entire family social security benefit.** Since family benefits typically range from 150% to 180% of an individual's, US Airways F/As with families who were entitled to social security benefits of \$1,200 a month (\$14,400 a year) as individuals had offsets ranging from \$10,800 to \$12,960 annually. **That's between \$3,600 and \$5,760 more a year than our 50% offset.** In other words, US Airways F/As were penalized for, among other things, being married - and the more their spouses earned the more it reduced their pensions.

Furthermore, the US Airways offset was effective upon retirement. Ours is not effective until we start drawing social security. With social security offsets ranging from \$7,200 to \$12,960 annually, depending upon family social security status, US Airways F/As retiring at age 55 would have their pensions reduced by between \$72,000 and \$129,600 before starting social security at age 65.

Last year the afa succeeded in negotiating away this onerous offset, but only by reducing pensions from 60% to 41% of FAS for F/As retiring after 25 years and from 65% to 46% for those retiring after 30 years. The net effect was that while F/As with families gained, most other pension benefits remained about the same. The reason most of the others remained about the same is that F/As were given the option of retaining their old pensions (with social security offsets). Consequently, social security offsets are going to remain in effect for decades at US Airways. The afa has been hammering Delta's pension for having a social security offset since 1995. That was the height of hypocrisy when it was responsible for negotiating this monstrosity.

HAS UNION ORGANIZER BECOME A UNION BUSTER?

Greg Love, who has been one of the twu's most avid supporters, is now being called a "union buster." Why? Because he sent out a letter saying:

With over 22,000 flight attendants at Delta Air Lines, union dues per month under the AFA would be...\$858,000...Almost one million dollars monthly...the entire amount ...would be sent to the AFA International. And how much (what portion) of your dues will the AFA send back to each Delta f/a union local each month to operate and conduct business? ... Try as you may, you will not be able to get an answer from the AFA. The AFA is not required to return any designated amount of money to any f/a local...Under the AFA, Delta f/a's [sic] would have absolutely no say about how much money each local would receive each month. It would be the sole discretion of the AFA!

The afa says we'd have full control of our own union with it. Love has exposed this as a sham. If what he says harms the afa (as it should), it isn't because he's a union buster, it's because the **truth is a "union buster."**

CURTAIN SNAIL MAIL III

The afa's campaign is reaching the critical stage when we have to respond often and quickly. We have neither the time nor the money to continue to respond via snail mail. If you are one of nearly 600 F/As who haven't yet sent us your e-mail address, PLEASE do so at your earliest opportunity. If you do not have access to e-mail, please find someone who does so you can get *Vicious e-Truths* through her/him. THANKS!!