



Aircraft Mechanics Fraternal Association

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LEGISLATIVE UPDATE: Pensions and Pension Reform

TO: AMFA Members

As part of the AMFA Legislative efforts, AMFA representatives including O.V. Delle-Femine, National Director; Kevin McCormick, AMFA National Administrator and Chief Economic Negotiator; Steve White, AMFA Pension Actuary; Maryanne DeMarco AMFA Legislative Liaison; Mark Taylor, AMFA Region III Director; Keith Andersen, AMFA Local 2 President; Brian Snyder, Alaska Airlines; and Lenny Cipressi, Local 3 met with the PBGC and representatives of the Pension Committee - Congressmen John Boehner and Sam Johnson's senior staff members who are taking the lead on pension issues - to provide input and solutions as they craft legislation on pension reform. We discussed industry-wide pension issues as a whole and provided recommendations on our carrier specific pensions - the viability of the defined benefit pensions for United, Northwest and Alaska Airlines.

The areas of viable pension discussion were centered on the short-term and long-term issues and trends in the industry. Most importantly, viable options for a company that finds itself in financial distress to fund their pension obligations and avoid a plan termination. Various topics of discussion were brought to the table including freezing of plans to allow for companies to catch up with payments, tightening and simplifying funding rules, better disclosure to participants to include more transparent year-end reporting (annual reports), disparity in funding of plans, contribution flexibility (ability to contribute more during upswings in the market), priority of pensions in bankruptcy, tax incentives to avoid plan termination, independent fiduciaries, and the current administration's pension proposals. It was the unanimous opinion of all those we met with was there did not appear to be a need to terminate all, if any, of the UAL plans and that the carriers, at least NWA and UAL, have met with various congressional leaders on their need to terminate plans.

The sense of urgency and frankness we received went beyond the normal professional courtesies. These people know the stakes are high and wanted to find a balance between what we felt was important to us and what the companies felt they needed. It is the sense of the representatives that our professional and candid input was well received. As this is a monumental task before Congress, we wanted to provide them with the facts and tools as they craft legislation now and in the future.

If you have any questions, please call Maryanne DeMarco, AMFA Legislative Liaison, at (202) 822-8700.