



**AIR LINE TECHNICIANS**  
ASSOCIATION

# The Teamsters theft of UAL CARP Benefits - part #2

**This is Part #2 in the review of the Teamsters grievance letter to fight for CARP Benefits for sub United Mechanics at UAL.** The Teamsters union negotiates for things that only benefit the Teamsters union like Teamcare or their “Teamster invented Pension Scheme the APP Teamsters Adjustable Pension Plan.” **They wasted 4 years chasing a Teamster pension and Teamcare. We pay \$10 million dollars a year to a union that negotiates against our interests and fails on a daily basis to represent us.**

**UAL Plant Maintenance Technicians and UAL Line Mechanics joined together to fight for our UAL Technicians to receive more credit in CARP, and to hold the Union accountable for their failure to enforce our contract.** [\(Link to UAL grievant letter to IBT Legal\)](#)

**Here some more facts about our case.**

**You can read about it at** [www.ALTAUnited.com](http://www.ALTAUnited.com) *Click on the Links to see all supporting documents*

- 1. Ed Gleason Admits that the union’s goal in negotiations was to terminate CARP and 401k and move all Technicians into the recently invented Teamsters APP pension scheme.** [\(Teamsters Plans\)](#)
- 2. The Teamsters attorney lied when he said UAL mechanics were against a Defined Benefit Plan. We signed a petition against moving our 401k into the WCTPT.** [\(Original Petition by UAL Techs\)](#)
- 3. The 2010 Merger triggered the language in LOA 05-3M to provide United mechanics with CARP** [\(UAL 2010 10k Report\)](#) [\(Triggering Language from LOA 05-3M\)](#)
- 4. On December 9, 2010 United offers sub UAL Mechanics CARP benefits** [\(Dec 9, 2010 Chicago\)](#)
- 5. Ed Gleason claimed United could not afford CARP or provide it outside of negotiations but they could afford to give all CAL employees profit sharing** [\(UAL Profit Sharing 2011\)](#)
- 6. Ed Gleason falsely claims that UAL cannot provide CARP to the mechanics because of me too clause but that is proven false by reviewing the separate LOAs.** [\(UAL LOAs 05-1, 05-2, 05-3M\)](#)
- 7. How much did you lose in CARP Benefits? Subtract 6 years from your current age and use the.** [\(UAL CARP Calculator\)](#) **and that is what they took from you on a monthly basis.**
- 8. United offered CARP or its equivalent several times during Negotiations** [\(United CARP offers\)](#)

**The IBT stole Six years of CARP accrual from UAL mechanics in their failed attempt to fill their union coffers. Read the attached documents discuss it with your coworkers.**

**Sign an ALTA card and stand with the mechanics who will fight for your CARP Benefits.**

**Building a Professional Craft Union for Technicians**

**The United Mechanics did not want to surrender their 401k for a Teamster pension Plan because of the long history of union corruption related to IBT controlled pension plans. As the contract states, they voted for the right to an alternative Company Defined Benefit Plan over their DC Replacement Plan, but only on the condition that the United membership would vote on any replacement.**

United remained firm in its refusal to provide any defined benefit pensions for the bargaining unit, however, and effectively stalemated the Union's bargaining efforts to secure defined benefit pension coverage for the mechanics and related employees.

While the bargaining parties remained stalemated over the defined benefit pension issue, the financial markets crashed and the country slid into the deepest and most severe recession since the Great Depression. The market crash also effectively derailed the Union's effort to negotiate the Company into the WCTPT.

That is because the WCTPT, like nearly every other multiemployer pension fund in the country, lost its fully-funded status, which in turn exposed the plan's 500-plus employers to withdrawal liability if they exited the plan.

**Teamsters abandoned Western Conference Teamsters Pension Teamsters shift strategy to control UAL mechanics Pension Benefits and create the "Adjustable Pension Plan" or APP**

Recognizing the near certain impossibility of successfully negotiating a publicly traded airline into a multiemployer pension fund that has withdrawal liability, the Union regrouped and set out on another course to negotiate and secure defined benefit pension coverage for the mechanics and related. Working with its attorneys and actuaries, the Union developed a new defined benefit proposal. Specifically, the Union proposed that United contribute to a new defined benefit plan called a "variable defined benefit plan," or, as it was later named, an "adjustable pension plan," (the "Adjustable Pension Plan" or "APP").

The Adjustable Pension Plan was tailored after one of the retirement components of the Major League Baseball Players' pension program, and was fully vetted among and endorsed by the Union bargaining committee. It was designed as a single employer plan that could be converted into a multiemployer plan. By plan design, it had no withdrawal liability and was projected by the actuaries to be fully-funded in nearly every economic cycle. Indeed, the actuaries projected that the APP would have remained fully-funded even during the 2008 market crash. Moreover, based on its plan and investment design, the APP provided defined benefit pensions that would not evaporate in down markets, so that the benefits promised to the participants actually would be payable to them upon their retirement.

Throughout 2009 and 2010, United resisted the Union's Adjustable Pension Plan with as much vigor as it has resisted participation in the WCTPT.

**The Company also did not want any part of the Union bargaining committee's new pension scheme that was "down market resistant". The union never presented this proposal to the membership for review or acceptance.**

E. The UAL-Continental Airlines Merger and Its Pension-Related Impact

On May 2, 2010, UAL, Continental (including its consolidated subsidiaries), and JT Merger Sub Inc., a wholly-owned subsidiary of UAL, entered into an agreement and plan of merger (the "Merger"). On October 1, 2010, JT Merger Sub Inc. merged with and into Continental, with Continental surviving as a wholly-owned subsidiary of UAL. Upon closing of the transaction, UAL became the parent company of both United and Continental, and UAL's name was changed to United Continental Holdings, Inc. Thereafter, on or about November 30, 2011, the Federal Aviation Administration ("FAA") granted a single operating certificate ("SOC") to United and Continental. In so doing, the FAA recognized the two carriers as a single carrier for operational purposes. Despite receiving the SOC from the FAA, however, United and Continental maintained separate bargaining relationships and collective bargaining agreements with their respective work groups, as required by the RLA, and other federal laws and requirements, including the McCaskill-Bond Amendment.

**2010 CAL UAL Merger triggers LOA 05-3M**

**The determining factor in this grievance and the triggering mechanism for the language provided in LOA 05-3M is found in the United Airlines 10k Report from 2010 where United Airlines assumed responsibility for the CARP Pension obligations. [\(UAL 2010 10k Report\)](#)**

**When United Airlines began to maintain a Defined Benefit Plan for another group of employees at UAL the LOA 05-3M provision was triggered.**

**Ed Gleason attempts to use the SOC as the triggering event but he is incorrect in his interpretation of LOA 05-3M [\(Triggering Language from LOA 05-3M\)](#)**

The Merger introduced new layers of collective bargaining complexity for both the United and Continental work groups, including their respective mechanics and related employees. Both work groups were represented by the Union under separate collective bargaining agreements, and both groups were already engaged in RLA collective bargaining

**negotiations when the Merger was announced.**

The Union recognized that post-merger United and Continental inevitably would be integrated into one enterprise for all purposes, including collective bargaining purposes, and that the combined work group of mechanics and related employees ultimately would be covered under a single collective bargaining agreement. The Union therefore had to grapple with the fact that the two groups' then-existing collective bargaining agreements were markedly different.

In this regard, the United Air mechanics and related employees' collective bargaining agreement was a bankruptcy-forced concessionary contract that significantly cut the mechanics and related employees' wages and benefits. The Continental mechanics and related employees' collective bargaining agreement contained far better wages and benefits in comparison. Thus, if the Union immediately engaged in joint negotiations to amalgamate the two collective bargaining agreements, it risked having to defend against management demands for wage and benefit reductions on the Continental side in exchange for much needed wage and benefit increases on the United side.

To avoid this risk and the internal employee discord and disruption that such an amalgamation negotiation likely would trigger if the parties immediately engaged in amalgamation negotiations, the Union insisted on completing negotiations with both United and Continental individually and securing separate, stand-alone collective bargaining agreements with them. Once both collective bargaining agreements were amended and ratified, the Union could then enter into negotiations to amalgamate the two roughly equivalent contracts. The carriers reluctantly acquiesced to the Union's demand.

**The Teamsters' Ed Gleason makes assertions that have no basis in fact or effect on the United Airlines mechanics right to the CARP Pension plan.**

**Ed Gleason states that UAL mechanics pay was lower than sub CAL at this point.**

**These statements only work to counter his previous reasons for not providing a CARP benefit to the lower paid UAL mechanics.**

**The CAL mechanics were placed into UAL mechanics profit sharing pool in 2011 and enjoyed a company benefit from the UAL contract. [\(UAL Profit Sharing 2011\)](#)**

**Then why weren't the UAL mechanics offered placement into CARP another company benefit as outlined in LOA 05-3M [\(Section 5 para d.\)](#)**

### *(1) Stand-Alone Negotiations Relating To Pensions*

The Union and Continental completed their negotiations for an amended collective bargaining agreement covering the Continental mechanics and related employees and the bargaining unit ratified it in late 2010. Armed with that new contract as a minimum standard, the Union then focused on completing negotiations to amend the stand-alone United mechanics and related collective bargaining agreement.

Changes in the CAL LOA #26-1, will show the Teamsters took this opportunity to change language in the CAL agreement to allow for the reopening of the contract to allow the union the ability to renegotiate a Teamster defined benefit plan, should the company choose to freeze CARP (LOA #26-1 CARP)

### **DECEMBER 9, 2010 UAL FIRST RECOGNITION AND OFFER BY UNITED TO PROVIDE CARP BENEFITS TO sub United Airlines mechanics.**

In December, 2010, United signaled its desire to reach a stand-alone collective bargaining agreement covering the mechanics and related employees. In so doing, it acknowledged that such an agreement had to include a solution providing defined benefit retirement security for the mechanics and related employees.

The bargaining parties from United and the Union met in Chicago on December 9, 2010 and discussed retirement solutions. Both sides acknowledged that an eventual amalgamation of the United and Continental mechanics and related employees bargaining units required a single retirement benefit program for the combined bargaining unit. The management representatives expressed their belief that the only way to provide retirement security for the combined group of mechanics and related employees would be to include the United mechanics and related employees in the CARP. Having expressed that opinion, however, the management representatives then explained why it was impossible at that time to include the United mechanics and related employees in the CARP.

At this point, Ed Gleason confirms the Company believed the only way to provide retirement security (and to comply with the UAL Mechanics Agreement) would be to include United mechanics into the CARP Plan. (CAL CARP Pension Plan SPD)

In this regard, the management representatives explained that they could not include any of the United work groups into the CARP because each of those work groups were parties to "me-too" agreements providing that if any one of those groups secured pension coverage in a single-employer defined benefit pension plan, the other groups would be entitled to the same pension coverage.

By including the mechanics and related employees in the CARP, the management representatives explained, the United pilots would also be eligible for CARP coverage by virtue of their "me-too" agreement. Because Continental had, prior to the Merger, elected to take advantage of the PPA's special airline rules providing for extended funding amortization periods for both the CARP and Continental pilots' frozen defined benefit pension plan, the United mechanics and related employees would be deemed CARP "successor" employees under PPA Section 402(g).

For the same reason, the United pilots also could have been deemed "successor employees" of the CARP, the Continental pilots frozen defined benefit plan, or both. Thus, the management representatives explained, the consequence of the CARP and Continental pilots' frozen defined benefit plans' designations as PPA Section 402(g) "successor employees" was that the CARP, and perhaps also the Continental pilots' frozen defined benefit plan, would have been subject to tax disqualification by the United States Treasury Department unless those plans satisfied all of their benefit obligations. The satisfaction of those obligations would have required the purchase of annuity contracts or the payment of lump sum benefits to all of the plans' participants. That would have been a practicable impossibility to accomplish.

**The UAL Mechanics CBA language is unique in that it is the only language that has the word "maintains". All of the Unions ALPA, AFA, and AMFA had unique language, but the Mechanics were the only group to have the word "maintain" which covers the possibility of a merger with an airline with an existing Defined Benefit Plan. (UAL LOAs 05-1, 05-2, 05-3M)**

**The language was a negotiated term of the bankruptcy agreement in which the company and the union have obligation honor. The terms of the LOA must be honored and enforced.**

**The company provided increases in pensions to every other group in their 2009 -2012 contract negotiations, every group but the IBT represented UAL Mechanics and Related.**

**The UAL mechanics never received an increase in Retirement 401k benefits from 2009 to 2016. In 2010, the teamsters union failed the UAL mechanics and caused significant retirement damage to the United mechanics membership and families.**

**Only the United mechanics represented by the teamsters had to wait 7 long years before they received any increased pension benefits.**

The management officials were not certain whether the problems discussed in the preceding paragraph would disappear if and when the United interlocking "me-too" agreements were terminated, but expressed a hope that they would indeed disappear upon the termination of those agreements. After independently researching the scope of PPA Section 402(g), however, the Union concluded that even if the "me-too" agreements were terminated, the same tax qualification and "satisfaction of all benefit obligations" issues potentially would still remain until the expiration of PPA Section 402(g) in 2017.

After evaluating management's analysis regarding the CARP, the Union concluded that it would not be possible to obtain defined benefit pension benefits for the United mechanics and related employees in the immediate near-term future. **Its conclusion in this regard was based on the roadblocks identified by management relating to single employer defined benefit pension coverage**, its independent research regarding those roadblocks, its analysis regarding the current withdrawal liability status of the then existing multiemployer pension plans covering Teamster members, and its conclusion that it would be impossible to negotiate the carrier into any multiemployer pension plan that had withdrawal liability.

Although the Union considered that the legal, regulatory and practical impediments that it faced at that time to secure defined benefit pension benefits for the mechanics and related employees likely would be removed at some indefinite point in the future, such changed circumstances would come too late for the many then-current United mechanics and related employees who were anxious to retire.

Accordingly, the Union worked with the negotiating committee, the Union's counsel and actuaries to develop a pension proposal to enhance the bargaining unit's retirement benefits for the near-term.

**The Teamsters failed to enforce the contract and LOA 05-3M and worked on another option that would put the pensions in the hands of the teamsters.**

**The unions delay in enforcing the contract cost United Mechanics and their families millions in retirement benefits. *Based on the CARP calculator in 2017 UAL mechanic lost \$880.00 in monthly benefits.* ([UAL CARP Calculator](#))**



The Union then immediately set out to develop another pension proposal, namely a defined contribution, age-weighted, target benefit plan. Under the Union's proposal, the target benefit plan would provide each mechanic and related employee a monthly annuity on retirement equal to the monthly annuity that he would have received had he retired under the CARP after the same number of years of service. For example, if a mechanic retired with a 5-year monthly annuity from the CARP Plan equal to \$500, then he would receive a monthly annuity of \$500 under the target benefit plan. The Union's proposal, therefore, sought to obtain relative equivalence between the United and Continental mechanics and related employees' pension benefits.

**Again, the Teamsters developed a counter proposal to the Company offered CARP plan or equivalent, that was controlled by the union. This pension proposal by the Teamsters wasted more months that led to years of pension benefit loss for United Mechanics.**

**SECOND OFFER BY UNITED TO PAY UNITED MECHANICS EQUIVALENCE OF CARP PLAN BUT UNION NEGOTIATORS WANT IT IN TEAMSTER DEVELOPED FUND.**

United balked at the Union's target benefit proposal because the costs to maintain the plan with such an "equivalence" formula were very costly and indeed were far greater than the contribution cost it would have incurred if the mechanics and related employees had been able to participate in the CARP. United therefore countered the Union's target benefit plan proposal by limiting its annual contribution cost to the amount that it would have to pay into the CARP if the mechanics and related employees were included in that plan.

**Based on Ed Gleason's written statement - This is the second Time in negotiations that the teamster negotiators were offered the United Mechanics the equivalent to CARP but the Union refused.**

**The Teamsters closed and secret negotiations prevented the United membership from knowing about the offer and the membership was again denied their right to a pension.**



**Teamsters and United Agree to an Equivalent to CARP payment but do not let UAL Technicians Vote on Joining CARP losing more years of credit in the plan.**

Eventually, after several more weeks of negotiations, the parties agreed that the carrier would increase its mandatory, non-elective deferral contribution to the mechanic and related employees' 401(k) accounts in an amount that represented the difference between what the carrier was currently paying into those accounts and the annual amount that it would have to pay to the CARP to provide coverage under that plan for the mechanic and related employees. The Union and negotiating committee reluctantly agreed upon this formula knowing that it was far less than ideal.

**The Company made another Pension proposal, but Ed Gleason the teamsters lawyer involved in negotiations admitted below that the teamsters were only interested in the NEW APP Adjustable Pension Plan, a pension plan they controlled.**

They did so, however, in an effort to reach a comprehensive amended collective bargaining agreement that locked in other already agreed-upon gains. They also understood that they would have a second opportunity to secure defined benefit coverage for the bargaining unit in the next round of bargaining, during which the parties would be negotiating to amalgamate the United and Continental mechanics and related employees' contracts. And, moreover, the Union negotiating committee understood that the Union's attorneys and actuaries were continuing to develop and establish the Adjustable Pension Plan to serve ultimately as a new multi-employer defined benefit pension plan to provide pension benefits to the Union's airline industry employees, including the United and Continental mechanics and related employees.

**Ed Gleason states that the teamsters goal was to put ALL UAL and CAL mechanics into a Teamsters controlled Multi-Employer Plan. The teamsters agreed to concessions and failed to enforce the United Mechanics contractual rights to a Defined Benefit Plan.**

The Union and United reached a tentative agreement on a stand-alone collective bargaining agreement in early 2011. During the ratification process, including well-attended "road shows" across the system, the United mechanics and related employees expressed their anger over the fact that the tentative agreement changed their current medical benefits.

**The UAL Membership spoke out against the teamsters terminating their United Medical Benefits for a union Healthcare Plan (IBT T/A Ends UAL Mechanics Benefits)**  
**This was the first attempt at TEAMCARE and the UAL mechanics rejected it. Their undefined healthcare plan was linked to a termination letter for UAL mechanics medical. United mechanics did not want a Teamcare type plan and voted down the TA down. (June 2011 UAL Technicians reject Teamster T/A)**

Moreover, while a majority of the mechanics and related employees also expressed anger that the tentative agreement did not provide for a defined benefit pension plan, a large and vocal number of those members within that group loudly voiced their opposition to participating in a company-sponsored pension plan or a so-called Teamster-sponsored pension plan, including the WCTPT. The United mechanics and related rejected the tentative agreement in June, 2011.

**Ed Gleason is incorrect when he states UAL mechanics were against a company pension, UAL mechanics were against a teamster controlled pension. The Petition specifically stated; Petition to stop any transfer of our current UAL Mechanics Personal 401k Defined Contribution to the Western Teamsters Conference Pension Plan. (UAL Mechanics Petition)**

**The UAL mechanics were not against a company sponsored pension plan, the 2005 UAL mechanics contract correctly and historically documents the facts.**

- 1. The UAL mechanics were not against joining CARP and had a provision in their existing agreement to be part of any company sponsored Defined Benefit plan.**
- 2. United mechanics wanted the right to vote on any Company sponsored pension plan that United may maintain or establish.**

The June 2011 rejection of the tentative agreement triggered a new round of negotiations between the parties to reach an agreement for an amended, stand-alone contract covering the United mechanics and related employees. During the renewed round of negotiations, as they had done during the prior round of negotiations, a large number of United mechanics and related employees understandably and quite rightly were still seething over the involuntary termination of their United single-employer pension plan.

**The Membership spoke out against the teamsters terminating their Medical Benefits for a union sponsored Healthcare -TEAMCARE and union takeover of their 401k.**

*The existing sub-UAL Medical and sub-CAL CARP plan were both better options that time.*

They continued to express to their Union representatives and negotiating committee representatives their strong opposition to participating in any defined benefit pension plan, especially one that was sponsored and managed only by an airline carrier, including the CARP, if it became available to them.

**Ed Gleason's statement that the UAL mechanics did not want to participate in a defined benefit plan sponsored by the company is false. The UAL mechanics were against putting their 401k money into WCTPT ([UAL Mechanics Petition](#))**

The Union and United reached a new tentative agreement for an amended collective bargaining agreement on November 11, 2011. In communications to the mechanics and related employees in communications relating to the ratification vote, the Union explained that the new tentative agreement had restored the members' health benefit provisions and secured additional economic provisions. The Union and the Union bargaining committee also informed the mechanics and related that they would remain in the United 401(k) Replacement Plan and that they would "not participate in Continental's 401(k) or Pension Plan (CARP) at this time."

**The teamsters failed to even get a single percentage increase in retirement benefits for UAL mechanics. During this same time, all sub CAL Mechanics were placed into the Profit Sharing Program at United Airlines receiving an increase in benefits, but UAL Mechanics were locked out of CARP ([CAL Employees Participate in UAL Profit Sharing](#))**