



## ***“The Company SHALL NOT maintain or establish any Defined Benefit plan unless”***

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[2005 Letter 05-03M](#) Following the Plan Termination Date, the Company shall not maintain or establish any single-employer defined benefit plan for any UAL or Company employee group unless AMFA-represented employees are provided the option of electing to receive a comparable defined benefit plan.

#### **This is the basis for the grievances filed against the company (and the union).**

The LOA is clear *“the Company SHALL NOT maintain or establish any plan”* unless ***the UAL Technicians, were first offered the plan.*** We never were. ***United and the Teamsters were required to provide the same or comparable benefits (October 2010) to all sub UAL Technicians covering those lost 6 years.***

They never did, saving United Airlines millions in vested pension benefits withheld from thousands of sub UAL Technicians. The Teamsters wasted 6 years of our CARP benefit accrual because they did not follow the United Airlines CBA and [LOA 05-3M](#). This LOA gave sub UAL technicians the right to join CARP in 2010.

The Teamsters Ed Gleason provides false information concerning the health of CARP and made other excuses **why the Teamsters never enforced the contract in 2010 to provide our UAL Techs CARP Benefits.**

1. Ed Gleason states actuaries claim CARP was a “ticking time bomb” this is false CARP at this point after the merger and record profits was secure. [\(CAL Techs LOA 26-1\)](#). [\(Link to UAL 2011 10K Report\)](#)
2. The Teamsters attorney also said they need to harmonize the plans by eliminating the 401k and CARP and placing all UAL Technicians into APP [\(2013 Negotiating Committee Statement on Pension\)](#)

The union’s goals as stated by their own attorney were to control the Medical and Pension Benefits of the United and Continental Technicians **even if it meant providing lower Teamcare Medical Benefits and pension benefits with the IBT Adjustable Pension Plan or another smaller multi-employer replacement plan.**

The Teamsters agenda was always to control your Pension and Healthcare, they couldn’t care less about UAL LOA 05-3M. Enforcing the LOA would mean delaying their goal to control your 401k money. This grievance was filed to protect sub UAL Technicians rights to a Defined Pension Benefit.

ALTA supporters are prepared to take this case forward and fight for the benefits we all were denied over the last six years. Sign an ALTA card and stand with us.

The United mechanics and related employees ratified the agreement in December, 2011. The newly amended agreement provided for a relatively brief moratorium period, and became amendable on June 30, 2013, *i.e.* approximately six months after the Continental Airlines mechanics and related employees' collective bargaining agreement became amendable.

Thus, by the end of 2011, the Union had negotiated and secured separate ratified collective bargaining agreements with United and Continental covering the two carriers' mechanics and related employees.

The FAA had likewise granted a SOC to the carriers, an event that signaled the inevitability that the two carriers would eventually be combined into one corporation and would also be deemed to a fully integrated, "single transportation system for representation purposes," the latter event which in turn would trigger formal negotiations between the carrier(s) and the Union to amalgamate the mechanic and related employees' collective bargaining agreements.

**Mr. Gleason brings up SOC Single Operating Certificate again but it has nothing to do with the language in this case, the issue at hand is the merger and United maintaining a Defined Benefit Plan for other Company employees. ([Link to UAL 2011 10K Report](#))**

## ***(2) Post-Merger Amalgamation Merger Negotiations***

Throughout 2012, while United and Continental operated as separate, subsidiary carriers under their common holding company parent, the Union prepared for the upcoming contract amalgamation negotiations. In so doing, the Union established a steering committee consisting of mechanics and related employees from United, Continental, Air Micronesia, the third carrier involved in the Merger<sup>1</sup>, and representatives from Teamster local affiliates that represented those employees. The steering committee was charged with developing bargaining strategies and priorities for the upcoming negotiations.

Additionally, the mechanic and related employees from both carriers selected a joint negotiating committee consisting of mechanics and related employees from both carriers. The negotiating committee was tasked with developing contract proposals and assisting the Union's chief negotiator throughout the upcoming negotiations.

Furthermore, the Union established a benefits subcommittee consisting of mechanics and related from each of the involved carriers. The benefits subcommittee was tasked with assisting the negotiating committee to develop contract proposals establishing health and welfare and pension programs covering all of the covered the mechanic and related employees employed by the three Merger carriers.

#### Teamcare Mandate for all UAL Technicians

During the next round of negotiations, the Teamsters would attempt to take control of the administration of the sub CAL and sub UAL Medical Benefits through their Health and Welfare Program “Teamcare” this plan is closely linked to their failing Central States Pension Plan. (Teamcare cost Comparison)

The Union benefits subcommittee played an active and important role throughout 2012 and during the subsequent amalgamation negotiations. The subcommittee worked with the Union's actuaries, attorneys and economic consultants to develop proposals that would, to the extent possible, harmonize the three existing and very different benefit programs that were in place. With respect to pension benefits, the subcommittee agreed that the Air Micronesia mechanics and related should remain as participants in the WCTPT, which had provided pension coverage to that bargaining unit for many years.

#### Teamsters attempt to push sub CAL out of CARP

The IBT would attempt again to take over the sub CAL and sub UAL Pension Plans and redirect them to a Teamster Pension Plan (2013 Negotiating Committee Statement on Pension)

The most difficult pension issues with which the benefits subcommittee wrestled involved the harmonization of the United mechanics and related employees' retirement system with that of the Continental mechanics and related employees. As noted above, the United mechanic and related employees lost their defined benefit pension benefits through bankruptcy. Through prior surveys and meetings with the United mechanics and related employees, the Union recognized that although a majority of those mechanic and related employees wanted to secure defined benefit pension benefits, a significant number of mechanics and related employees did not want to risk the loss of another defined benefit pension through bankruptcy and therefore, preferred that their retirement program consist exclusively of their existing defined contribution Replacement Plan 401(k) retirement accounts.

When Gleason says “harmonize” he means to transfer the Pension Benefit Plans of sub UAL and sub CAL mechanics into a Teamsters controlled pension plan.

Moreover, even those mechanic and related employees who preferred defined benefit pensions were skeptical of and, in some cases, hostile to any solution that resulted in their becoming participants in the CARP or any other defined benefit plan managed exclusively by an air carrier.

**Again the Teamsters and Ed Gleason attempt to characterize the UAL mechanics as being against a company sponsored pension plan. However the 2005 UAL mechanics contract shows The UAL mechanics were not against joining CARP and had a provision in their existing agreement to Vote to join a United company sponsored pension plan. ([LOA 05-3M Para 5](#))**

The vigorous debate concerning these matters was also informed by the continued deterioration of the CARP's funded status and the very real possibility that at some point in the near future the plan would have to restrict or even eliminate its popular lump sum payment option. There was also a legitimate concern that the CARP's funded status would deteriorate to such an extent that it would be taken over by the PBGC and terminated. **The Union's independent actuary** validated these concerns and advised the subcommittee that the CARP's funding shortfall rendered the plan a **"ticking time bomb."**

**Now, the CARP Plan was not a “ticking time bomb” and in fact the Company gave written commitment to maintain the CARP Plan for CAL mechanics in their 2010 agreement LOA #26-1 is a commitment to MAINTAIN the CARP plan and the CARP Pension was a responsibility the new United assumed when it merged with CAL. ([CAL Techs LOA 26-1](#)). This new Pension obligation is recognized and stated in the United 2010 Form 10k ([Link to UAL 2011 10K Report](#))**

**Teamsters UAL /CAL union Benefits Committee recommends  
“RESIST ANY EFFORT TO INCLUDE UNITED MECHANICS INTO CARP AND  
FURTHERMORE TAKE CONTINENTAL MECHANICS OUT OF CARP”**

**(Appointed Negotiators push Teamsters pensions)**

The Union benefits subcommittee ultimately recommended that the Union negotiating committee resist any effort to include the United mechanics and related employees into the CARP and instead push for the establishment of the above-described defined benefit Adjustable pension Plan on behalf of all of the mechanics and related employees except the Air Micronesia mechanics and related employees. The subcommittee further recommended that the negotiating committee push to secure a uniform defined contribution 401(k) retirement plan to supplement the defined benefit pension benefits of the entire bargaining unit.<sup>2</sup>

**The union leadership and benefits committee chose to ignore LOA 05-3M once again and deny UAL mechanics the right to join CARP and instead chose to pursue the union sponsored Adjustable Pension Plan (APP). This action would cost the UAL mechanics 4 more years of lost credit in the CARP Plan.**

The amalgamation negotiations commenced in January, 2013 under the guidance of the NMB.<sup>3</sup> With the assistance of the NMB, the bargaining parties adopted a two-phased bargaining protocol in which they would first negotiate terms and conditions other than hard economics, benefits and work preservation (scope). Upon completion of the first phase, which they targeted for June, 2013, the parties would then enter the second phase of negotiations, during which they would negotiate hard economics, benefits and scope, as well as any unresolved "phase one" matters.

Although the parties made significant progress during the "phase one" negotiations, their "phase two" negotiations, not surprisingly, became exponentially more difficult and contentious, particularly with respect the parties' discussions regarding over hard economics and benefits. At the same time, the carriers continued to make progress with respect to their plans to fully integrate their operations. On March 31, 2013, shortly before the phase two negotiations commenced, United Continental Holdings, Inc. merged United Air Lines, Inc. into Continental to form one legal entity, and Continental's and the combined entity's name was changed to United ("new United"). Moreover, on May 15, 2013, the NMB issued a determination that that United and Continental (by that point, new United), constituted a single transportation system for representation purposes with respect to the craft or class of mechanics and related employees.

Despite these corporate and regulatory developments, however, and as noted above, new United was yet not a fully integrated company and was still required to abide by the terms of the three separate collective bargaining agreements covering the United Air Lines, Inc., Continental and Air Micronesia mechanics and related employees until such time as it reached a membership-ratified amalgamated collective bargaining agreement with the Union covering the combined mechanic and related employees work group.

**UAL Mechanics Agreement Article III Status of Agreement covers any change in ownership or name.. [\(UAL Techs Art III Status of Agreement\)](#)**

**The Teamsters and Ed Gleason attempts to muddy the waters with the merging of Continental and United into the “NEW United”. The Teamsters were saying the exact opposite in their campaign in 2013, when they raided the mechanics at AMR and US Airways [\(AA IBT Flier about Mergers\)](#)**

**The Teamsters fail to recognize the successor clause in the United Airlines Mechanics Agreement. The Company is fully obligated to abide by its UAL mechanic’s agreement.**

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<sup>2</sup> The Air Micronesia mechanic and related employees were then, and still are, participants in the WCTP.

<sup>3</sup> Although the parties had agreed to commence negotiations in 2012, the carrier delayed the negotiations while they continued to negotiate to amalgamate the pilots' and fleet and passenger service employees' contracts. The carrier reached an agreement with the pilots in late 2012. That contract, on information and belief eliminated the prior single employer defined benefit "me-too" agreement that had been contained in the United pilots' standalone post-bankruptcy contracts.

Although the developments noted above created both incentives and pressure to complete the amalgamation negotiations, other, industry-wide developments made it even more difficult for the parties to secure that objective. Not the least important of these developments was merger between US Airways and American Airlines. That merger and the resulting contract negotiations involving those carriers' work groups created significant upward wage and benefit increases for virtually every airline industry craft and class, including those who worked under the United, Continental and Air Micronesia collective bargaining agreements.

Over the next two years, the rates and benefits for the pilot and mechanic and related employees' crafts and classes increased dramatically. Those increases created significantly heightened expectations among the mechanics and related employees working under the United, Continental and Air Micronesia collective bargaining agreements, and the bargaining parties had to reassess and ultimately recalibrate their economic and benefit-related models and proposal.

**Why did Negotiations take so long? Answer – Teamsters appointed negotiators demanded that all UAL mechanics, newly hired mechanics, and (CAL mechanics CARP pension plan contributions go into the Teamsters controlled APP Pension Plan.**

This was no easy task. The parties' phase two negotiations soured significantly throughout the summer and fall of 2013. By early November, 2013, both sides locked hard into their demands. The parties' major disagreements related primarily to medical benefits and wages more so than pension benefits. At that time, the Union demanded that the mechanic and related employees working under the United collective bargaining agreement and all newly hired mechanics and related employees working under that contract become participants in the APP, while then then-existing Continental mechanics and related employees would remain in the CARP until 2015, at which time they too would become participants in the APP.<sup>4</sup>

**The union demanded all mechanics and related be put in the teamsters controlled APP, this action went against the language in the sub-UAL Mechanics Agreement and history shows the sub-CAL mechanics preferred the CARP pension plan.**

For its part, the Company agreed to participate in the APP, but only if it was established as a multiemployer benefit plan and, moreover, only if the costs associated with the new pension plan were "cost neutral" *vis-a-vis* its existing pension obligations. When the parties were unable to reach agreement, new United applied for formal mediation services from the NMB. New United's application for mediation services from the NMB pushed the parties' negotiations into an even more contentious and acrimonious phase than had already materialized during the phase two negotiations, and ensured that the negotiations would continue well into 2014 and beyond.

During the NMB-supervised mediation phase of the parties' amalgamation, the parties' wage proposals grew farther apart. This was attributable in no small part to the fact that the other legacy airlines, *i.e.*, American and Delta, had reached new collective bargaining agreements with its mechanic and related work groups and those agreements contained significantly greater economic terms than the Union had even demanded in November, 2013. As the mediation proceeding continued through 2014 and into 2015, moreover, the economic packages payable by new United's competitors to their mechanics and related employees continued to escalate. As a result, the both parties' economic packages increased dramatically.



One of the unanticipated consequences of the ever-increasing "rate war" that was taking place in the industry and affecting the parties' negotiations was that the value of the monthly pension benefits provided by the CARP, which was tied directly to participants' earnings, increased so much that the cost of providing a comparable benefit under the APP became unattainable.

### **The Union sponsored Pension Plan becomes too expensive and APP dies**

Another example of wasted time this shows the importance of retroactive benefits in negotiations. The union had a responsibility to secure pension benefits as soon as possible but chose to ignore LOA 05-3M for 6 years to achieve the union goal of a Teamsters sponsored plan.

### **Union Counsel suggests CARP for all UAL and CAL Mechanics and Related. The UAL teamsters appointed negotiators say NO!**

The Union's counsel explained this situation to the bargaining committee and suggested that the committee consider participating in the CARP. Expressing concern for the CARP's funded status and great distrust for employer controlled and managed defined benefit pension plans maintained by airlines, however, the Union bargaining committee remained determined not to have the mechanics and related employees participate in the CARP.

**Quote from Teamster's Ed Gleason above "The union bargaining committee remained determined not to have the mechanics and related employees participate in the CARP"**

**The negotiating committee attempted to pull CAL mechanics out of CARP by 2015 and put them into the Teamsters Pension Plan with the UAL mechanics.**



## Third attempt at another Teamster Pension Plan

(Smaller Teamster Multi-employer plan? Who was it? Ask your appointed Negotiators)

In response, and in order to find a viable defined benefit pension option for the mechanics and related employees, the Union then worked with another, much smaller, labor organization that maintained a multiemployer pension plan to enable new United to participate in it for the benefit of the mechanics and related employees. The Union presented that option to new United in or around the middle of 2015. In so doing, it explained that the already-existing multiemployer pension had sufficient pooled assets to defray much of the additional contribution costs that new United would have incurred if it contributed to a wholly new plan like the APP. Although it expressed a willingness to consider participating in the pre-existing multiemployer pension plan, new United remained non-committal.

<sup>4</sup> Neither the Union nor new United proposed moving the Air Micronesia mechanics and related employees out of the WCTPT.

## United Company Closeout proposal in 2015 again recognizes LOA 05-3M

### United Offers sub UAL Mechanics and Related a vote to join CARP

**This offer by United is in contradiction to previous statements made by the Teamsters attorney Ed Gleason in this brief about the company's restrictions both financial and legal to offer UAL mechanics CARP in 2010.**

Not long afterwards, in October, 2015, new United presented the Union bargaining committee with a close-out proposal that the bargaining committee determined was a "last, best and final proposal" that required membership consideration and approval through a ratification vote. Along with many other items, new United's close out proposal contained a retirement proposal. Specifically, it provided that:

*sCO- status quo, CARP and 401K Match except for those with more than 30 years of CARP service- additional 1% Company 401K contribution.*

*sUA- technicians participate in a one-time vote (6 months after ratification) to join CARP on 1/11/2017. If majority of eligible voters vote no, all sUA technicians stay with interim "turbo" DC described below.*

**The United mechanics were denied this right FOR 6 YEARS, to vote as a stand-alone group on CARP as the UAL LOA 05-3M states**

*Interim period from date of ratification to 1/1/2017.*

- *sUA- status quo, current 401(k) contribution (5% aggregate) plus interim company "turbo" DC contribution based upon years of service: 0-14 -\$100 per month; 15-24 yrs. -\$200 per month; 25+ -\$300 per month.*

*Employees hired after date of ratification will receive a 401(k) match of up to 6% — 1% first year and an additional 1% match per year-of-service up to 6%*

## **A CASE FOR OPEN NEGOTIATIONS**

**United agrees again to comply with LOA 05-3M in the United Mechanics Agreement and allow sub UAL technicians the right to Vote on joining CARP.**

**This Vote could have been taken years before, but the Teamsters closed and secret negotiations allowed the union to control the flow of information and denied the UAL membership full knowledge of the company CARP proposals.**

**These repeated actions by the teamsters union have caused irreversible harm to UAL mechanics and their families, and is the basis for a DFR. The teamsters have failed to abide by the written CBA agreement and to provide the membership their contractual right to a pension benefit in a timely manner.**

**The Unions actions caused the loss of 6 years of accrued benefits in the CARP pension plan.**

**Initially the Teamsters would not bring back the closeout proposal UNLESS the union sponsored Mandatory Teamcare and VEBA were included in the closeout proposal.**

**United Airlines agreed to place the mandatory Teamcare and VEBA language in the closeout proposal. This action would significantly increase the cost of health care to United mechanics.**

**The Union leadership and negotiating committee brought back the closeout proposal and were neutral on recommending or rejecting the close out Tentative Agreement.**

**The Teamsters Airline Division then held informational meetings and Telephone conference calls promoting their union sponsored TEAMCARE Health and Welfare Plan.**

**In February, 2016, by a 7,805-530 margin, the mechanics and related employees rejected new United's close-out proposal.**

**The UAL and CAL mechanics overwhelmingly voted against the Tentative agreement based on some of the following reasons.**

- 1. Retro Active Pay – the union did not secure full retroactive pay for the profitable years United and the Teamsters failed to reach an agreement.**
- 2. Teamcare – just like a union sponsored mandatory pension plan the United and Continental mechanics wanted no part of a mandatory union sponsored Teamcare plan.**
- 3. Wages – the teamsters failed to achieve industry leading pay as promised their term changed to industry average which it was not.**
- 4. Medical Benefits lost – the closeout proposal would sunset UAL and CAL retiree medical plans which were better than the replacement VEBA that was unpopular.**
- 5. Profit Sharing – Profit sharing percentage was reduced by 2/3rds**

**These were the five major concessions that the UAL mechanics did not want to give to a Corporation that had made Billions in profit.**

**Again, the teamsters were neutral on all these concessions and only promoted Teamcare.**

**UAL and CAL Mechanics Voted Down Tentative Agreement by 93%**

## Round Two of Negotiations

### Teamcare gone and suddenly the union discovers CARP is funded

The 2016 rejected proposal from new United triggered a further round of NMB-supervised amalgamation negotiations. During that round of negotiations, the Union benefits subcommittee noted that the new United had paid significant additional contributions to better fund the CARP and to ensure that the plan return to solid financial health.

New United also committed to maintain the CARP's financial health, thereby making it a more attractive defined benefit pension plan option than it had been over the past several years. The parties reached a tentative agreement for an amalgamated collective bargaining agreement this past summer, in 2016.

**Ed Gleason failed to tell the whole story the "New United" had to assume the contract obligations of Continental who committed to this funding in the 2010 Continental Mechanics Agreement prior to the formal merger date in late 2010. (CAL Tech LOA 26-1)**

The mechanics and related employees voted to accept and ratify the amalgamated agreement in early December, 2016. As set forth in the amalgamated collective bargaining agreement, the former United Air Lines, Inc. mechanic and related employees were included into the CARP effective January, 1, 2017, and the "incumbent" former Continental Airlines mechanic and related employees' remained as participants in the plan. The combined bargaining unit also secured supplemental pension coverage through a unified defined contribution 401(k) plan.

**Six years of accrual for United Airlines Mechanics wasted chasing three different Teamsters sponsored pension plans.**

**Ironically the mechanics who voted for the Teamsters 8 years earlier did so for one major reason...to restore their pensions.**

**The teamsters denied UAL mechanics their contractual right to CARP for 6 years, in their self serving attempt to take control of UAL mechanics future pension contributions.**