CHERRY PICKING IN PENSION LAND

Afa proponent Carol Cragg sent out an e-mail knocking our pension because of its Social Security offset. Using someone entitled to a Social Security benefit of $1,200 per month as an example, she said *"YOU lose $7,200.00 of YOUR Delta pension in just one year. Live and collect social security for just tens years, and YOU lose $72,000.00 of YOUR Delta pension money.*" We commented on this same argument in Vicious e-Truths #3, pointing out that, there are other features of our pension that make it decidedly superior to the United pension regardless of the Social Security offset. We thought she either misunderstood or had been misled about the pensions so we sent her a copy of Vicious e-Truths #3. She replied:

> *"I have not attempted to compare United's retirement plan with Delta's. My sole concern has been that DELTA flight attendants be informed about all aspects of their DELTA pensions, the benefits they will have when they retire, the limits on those benefits, and whether or not they will have to pay for those benefits. Please direct your concerns to Dale Williams, who, apparently, has made such comparisons."*

Right, she wasn't attempting to compare, she was cherry-picking. Responding in kind, let's evaluate United's pension. In our example, we'll use F/As entitled to $1,200 per month in Social Security and retiring after 30 years earning $56,000. These United F/As would be entitled to retirement benefits of about $29,400 per year, including full Social Security.

Now it's our turn to cherry-pick. **If United's pension, which is based upon 48 to 50% of F/As' average earnings during their entire career, were instead based upon 60% of final average earnings like Delta's, the United F/As' pension would increase by about $19,000 a year!** Live ten years after retiring and United F/As will be out $190,000 because United's pension does not have a features that Delta's does.

Both arguments are misleading. Ms. Cragg conveniently overlooks the fact that Delta's pension is based on 60% of FAE and we overlooked the fact that we have a social security offset. Ours, however, is not intended to mislead. Rather its purpose is to illustrate how much distortion can result from cherry-picking.

MISUNDERSTANDING OR DECEPTION, YOU DECIDE…

Speaking of misleading, Ms. Cragg sent out another e-mail:

> "*150% CAP ON MEDICAL BENEFITS FOR RETIREES:*
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> *26 years ago, this cap limit did not exist - period. Today, there is a 150% cap on medical benefits for retirees. What is this cap? This cap is a limit placed on the average amount of money Delta will pay out in the form of medical benefits to retirees in any given year, based on 1993 costs. In the year 1993, the average amount of money paid out in medical benefits to retirees was around $4,000.00 per retiree. Delta placed a 150% cap on this $4,000.00 figure, which means that Delta will not pay out more than an average of $6,000.00 per retiree in any given year."*

This is contrary to our understanding that our maximum retiree medical benefit is $2 million. Since we're not well versed on the subject, we took advice Ms. Cragg offered and asked Dale Williams about it. Here's his response:

> "In 1993, in response to the accounting rule changes brought on by FAS [Federal Accounting Standard] 106, Delta imposed the '150% CAP' on retiree medical costs. This provision states: *'When Delta's costs to provide retiree medical to its retirees exceeds 150% of what it cost Delta to provide retiree medical coverage in 1993, Delta will cap its subsidy of retiree medical costs and will decide at that time how to pass along those additional costs in either higher premiums, higher co-pays, higher deductibles, or possibly another type of retiree medical plan.'* That has not been discussed or considered at this time for the following reason(s).

- Delta's retiree medical costs averaged approximately $4,500 per retiree in 1993. Because Delta has since moved to a managed-care medical plan, the cost to provide medical coverage for retirees (and actives as well) since 1993 has actually decreased and as of last year (2000), the actual cost per retiree was approximately $4,400. This is not based on an individual retiree's claims, but an across the board average of all retirees.
- Carol's claims that Delta is within 2 years of reaching the 150% cap is false. 150% of $4,500 is $6,750. As you can see, we are further away from hitting the "CAP" than we were even 8 years ago.

Accordingly, the plan may eventually be changed or contributions may eventually be increased, but **there are no circumstances under which a F/A's retiree medical benefits would be limited to an average of $6,000 a year as Ms. Cragg would apparently like everyone to believe.**

LACK OF COLA'S, MERCEDES, VILLAS IN FRANCE…

Ms. Cragg goes on to say, "*There are no cost-of-living adjustments (COLA'S) on our pensions. There are no provisions to increase our pensions as the cost of living increases. This means as the cost of living goes up each year, our pension dollars will be worth less. This can be a serious problem for people on a fixed income. The lack of cost of living adjustments will eat into our buying power each year of our retirement.*" She, of course, would like us to believe we'd get a COLA on our pension if the afa were to get in – even though the afa has never been able to negotiate one elsewhere. This is wishful thinking on steroids and kind of makes you think that if the afa was trying to organize cannibals, it would offer them missionaries for dinner. What'll the pro-afa gaggle cackle about next?

RIP UP THOSE CARDS!