

RETIREMENT

AA	APA	CONSIDERATIONS
<p>A Plan</p> <ul style="list-style-type: none"> No proposed changes <p>B Plan</p> <p><i>Highlights</i></p> <ul style="list-style-type: none"> The company would continue making annual contribution of 11% of eligible compensation Future contributions would be made directly into a pilot's personal 401(k) plan account; plan allows for hardship withdrawals, in-service distributions and loans Assets in the B Plan for pilots not receiving an annuity from the B Plan would be moved to the Super Saver 401(k) plan; transferred amounts would be maintained in a separate account for distribution as either a lump sum or an annuity Pilots would have the option to have all B Plan assets distributed directly to him/her and invest those funds in any vehicle of his/her choice 	<p>A Plan</p> <p><i>Highlights</i></p> <ul style="list-style-type: none"> Decrease earnings period to highest 36 months of earnings Increase benefit multiplier from 1.25% to 1.667% Increase minimum pension benefit Add annual cost-of-living increase to annuity <p>B Plan</p> <ul style="list-style-type: none"> Increase company contribution from 11% to 15% <p>401(k)</p> <ul style="list-style-type: none"> Create pilot-specific 401(k) plan better than plan offered to all other AA employees 	<ul style="list-style-type: none"> AA is one of few airlines that still provides a defined benefit pension plan plus a significant lump sum retirement payout; pension changes must be designed to ensure the overall financial stability and strength of the pension plan APA's proposal would require an estimated immediate \$1 billion contribution into pilot retirement plan and would add an estimated \$3 billion in liabilities to the company's balance sheet. Increases to the A Plan could strain fund resources and because of federal law provisions, put the lump sum option upon retirement at risk. Explore ways to give pilots more choice in managing their retirement funds