



[ALPAWatch Newsletter](#)

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In this Update...

Targeted DC Plan

What's Going on with the Targeted DC Plan?

Who is suing and why.

Update

Fall 2007 NWA ALPA Election-- Backroom Politics at Work?

Help Promote ALPAWatch

New ALPAWatch Promotional Cards are being Printed

What's Going on with the Targeted DC Plan

Targeted DC Information is slow coming, law suits, disagreements between MEC Members and the Chairman. What's going on?

The concept of a Targeted DC (Direct Contribution) Plan came about when the decision was made to freeze the DB (Direct Benefit) Plan in hopes of saving it. The membership voted on the freeze and it passed. Even though the plan was voted on and passed, there were undecided aspects of both the DB and TDC Plan.

To save the DB plan, NWA Pilots had to agree to a freeze and Congress had to change some laws. All that came to pass. The undecided aspects of the TDC Plan were in devising and implementing the plan. That has proven to be far more challenging in reality than it was in concept.

As the Targeting DC Plan has evolved, it met objections from several groups. It also met objections from some pilots that believe it is unfair at best and illegal at worst. The MEC has stated numerous times that DC Targeting will be implemented. The MEC and the R&I committee have been working to come up with a plan that the 4 major players NWA ALPA, NWA, IRS, and PBGC can agree upon, and will withstand expected legal challenges from some NWA pilots. They are finalizing the plan now and have started to publish how it will work.

So who is legally challenging the Targeted DC Plan and why?

Currently every NWA pilot is getting 5% of their salary deposited into their retirement accounts as a DC. Targeting will stop or reduce future 5% DC deposit amounts for some pilots and increase deposit amounts for other pilots. This was always the concept of Targeting, including when the vote was taken to freeze the DB and start TDC. Nevertheless, some pilots apparently want to challenge the TDC plan in court.

In the 8/21/07 Hotline, it was reported that 20 pilots filed a law suit against NWA. According to court filings the 20 are:

31 ANCCA747B 080851 00686 TANKSLEY, W MICHAEL

40 SEACA330B 095562 00741 BARNARD, GORDON C

152 DTWCA744B 060873 00577 BRUTON JR, JOSEPH D

8 SEACA330R 021637 00793 CRANE, GARY W

34 DTWCA330R 021725 01160 CUCA, ANDREW J

30 SEACA330B 094705 00633 DANFELT, ERIC A

69 DTWCA744B 066907 00355 FILIPAS, STEPHEN M

34 SEACA330B 087525 00689 HALL, GEORGE M

80 SEACA330B 009375 01037 IMUS, MICHAEL S
39 DTWCA744R 051079 00712 KLINE, ROBERT J
128 DTWCA744B 081990 00538 KOHLER, JOSEPH G
117 DTWCA330B 052750 00870 MARSHALL, ROBERT K
148 DTWCA744B 047964 00572 MOKOS, ROBERT F
108 DTWCA330B 056225 00850 PHILLIPS, RAYMOND B
30 DTWCA744R 039170 00691 RILEY, WILLIAM J
66 ANCCA747B 091528 00888 SWEENEY, DAVID J
54 DTWCA744B 080657 00305 TAYLOR, RALPH C
101 DTWCA744B 080760 00504 TOMPKINS, MARK E
42 ANCCA747B 084897 00759 WELLS, JAMES O
88 DTWCA744B 084702 00491 WERNER, RUSSELL D

At this point they seem to only be seeking information. Most likely they filed the suit because they have been unable to get the information they want from the company or the union. This is why the union has been choosing its words so carefully when publishing information about the TDC. It is suspected that those 20 pilots intend to use this information to file a law suit either challenging the way the Targeted DC Plan will distribute money or just seek monetary damages. The plaintiffs in that law suit would probably include NWA ALPA.

The union is walking a tightrope. They must complete a TDC plan and do so in such a way that it will withstand legal challenges. They also don't want to do the discovery work (by publishing the information needed to file a law suit against the TDC) for those challenging the plan, thus making it easier and cheaper to file such a suit.

So how did this mess happen?

In the heat of battle, the team that negotiated our current CBA (Collective Bargaining Agreement...Contract) during bankruptcy created the idea of a TDC as a follow on to the DB plan. The details of a TDC were not worked out prior to the membership voting on freezing the DB Plan, nor were they worked out prior to the vote on the CBA.

Now some NWA pilots seem to want to cherry pick what was already decided by the pilot group. Freezing the DB (which allowed thousands of NWA Pilots to preserve billions of dollars in retirement) and the TDC are a package deal. Challenging the TDC therefore challenges the whole question of retirement, including the DB Plan. That is a step backward. It does not help the security of the frozen DB Plan.

In a recent ALPAWatch Survey (Are We Divided?), the Second greatest response was to the question “Do you think the NWA pilot group is divided by differences in Retirement Benefits?” 48% Strongly Agree and 87% either Strongly Agree or Agree. The TDC Plan directly addresses and attempts to even-out some of the differences in Retirement Benefits.

Those that gave up the most in retirement benefits (by voting in the freeze) did so with the promise that the 5% would be targeted to help offset their losses. This was the trade-off for securing the DB Plan. If a few pilots were to be successful in challenging the TDC, a large number of pilots could react in ways that would not be good for the financial health of NWA. Therefore the unintentional consequence of these few pilots that apparently intend to challenge the TDC may end up weakening the security of the DB Plan.

Why are some members of the MEC at odds with the MEC Chairman on the TDC Plan? (DTW Update 8/22/07).

Simply stated, some believe it is more important to get the plan implemented on time, others think it is more important to come out with a solid plan that will withstand the expected law suits, even if that means missing the deadline. At this point it looks like all this will be worked out without causing a problem for the membership.

Bottom line, the current leadership is working hard to protect the frozen DB Plan and implement a TDC that is as fair and equitable as possible. So far it appears to us that they are on track to do just that.

Fall 2007 NWA ALPA Election Update

We are in the final stages of putting together that “one-stop shopping” table for election information. The table shows all the positions up for election, the nomination and election process, the dates and term lengths, a job description, and some sort of a time/effort index.

Finding all this information has been more difficult than expected. Much of it is buried in the NWA ALPA Policy Manual, some in the ALPA By-Laws, and more is just vaguely defined. We will get that table published as soon as possible. When it is published, print it out and take it with you on your trips. Again, we need good people to run for offices. If you cannot do it, you need to recruit someone you think should.

We can not overstate the importance of this election. If the membership does not get involved in this election, you can expect to see some past ALPA Leaders re-appear in new positions. At least one high profile name has already made attempt to re-enter NWA ALPA politics earlier this year, but for some reason there is no mention of their

candidacy in the official minutes of that meeting. We will be publishing the details of this troubling situation in the next Newsletter.

ALPAWatch supports any NWA pilot, including past office holders, running for any ALPA position. What ALPAWatch does not support is any deceptive practice or backroom politics that prevents or impedes the membership from having a say in choosing its leaders. Expect the details on what happened in the next Newsletter.

Again, ALPAWatch is not here to pick candidates, even if it could. It is here to help the membership elect strong leaders that will do the best job possible representing the interests of all NWA Pilots in a fair and equitable manner, and do so with dedication, honesty and integrity.

New ALPAWatch Promotional Cards are being Printed

Many of you have seen or handed out the business size cards used to introduce ALPAWatch to pilots. We are making a second printing of those cards, with an updated message. If you would like a supply of those cards to hand out to pilots, drop us an email. We will find the best way to get them to you. The cards should be available in early September.

Thank you again for participating in ALPAWatch. With the participation of pilots such as you, ALPAWatch will be successful in obtaining the Union Leadership that the Pilot Group deserves, and in doing so regain our fair compensation, our quality of life, our future, and our dignity.