



AMFA–Alaska Airlines Contract Negotiations Update

Update # 10 July 25, 2016

Participants for AMFA:

*Louie Key – National Director
Earl Clark – Chairman and Region I Director
Jason Munson – Airline Representative, Local 14
Mark Dahl – Airline Representative, Local 32
Rex Baker – Millman Consulting Agency
Russ Andrews – Investment Management*

Participants for Alaska Airlines:

*Greg Mays – VP Labor Relations
Kurt Kinder – VP Maintenance & Engineering
Constance Von Muehlen – Managing Director, Airframe,
Engine, Component MRO
Bob Hartnett – Director, Labor Relations Ground
Sonia Alvarado – Manager, Labor Services M&E
Megan Koering – Senior Financial Planning Analyst*

The Negotiating Committee is providing this update to the AMFA Membership at Alaska Airlines. This is the only official authorized source of negotiating communications by the Committee.

On July 18-20, 2016, AMFA and Alaska Airlines met to continue negotiations at the CenterPoint Center in Kent, Washington. We started this session with our proposed changes to the language in Article 22, Insurance. Our proposal was in response to the Company's proposed changes to insurance during talks in our previous negotiating session. We proposed to limit our contribution rate cap increases to 5% per year based on our 2016 contribution rates, rather than the 8% increases that the Company wants added to the maximum allowable rate caps in our current agreement. We also proposed an 80/20 split on hearing aid cost, rather than the current bi-annual \$300 limit. In our dental plan, we made increases to our yearly benefit from \$1750 to \$2500 for our dental coverage, along with keeping our current 80/20 split on customary charges, rather than the Company's plan of a three tier system. We agreed to the Company's proposed changes of increasing our chiropractic visits from 12 to 24 visits a year, and also the removal of the higher rates for part-time employee insurance contributions. We had asked for increases to our life insurance plan and the Company responded that they felt our life insurance should be higher than what we asked for. After discussing the plan, the Company proposed to increase the payout amounts for both Life and AD&D from the current \$42,000 maximum limit to \$150,000; however, they did state they had to cost it out.

On July 19, 2016, we opened the day with our proposal on Article 20, Retirement Plan. Our pension actuary from the Milliman Consulting Agency, Rex Baker, helped present and explain our proposed changes to the current retirement plan. For those in the defined benefit plan, we kept the current 1.4% multiplier, but it will be based on the highest five (5) years of consecutive earnings of your base hourly rate. We also proposed changes to the Company match for the 401K plan, from \$.50 to \$.75 for each \$1.00 contributed by the employee up to the maximum employee contribution of 6%. For those in the enhanced 401K plan only, the Company contribution would increase to 9%. These changes would bring both plans up equally to 13.5% of eligible compensation. In the afternoon we brought in Russ Andrews from the First Financial Equity Corporation, whose practice specializes in retirement planning. He explained to the Company opportunities in 401K law changes that allows an employee to use any third party financial advisor to help them better manage investments in their 401K plans, which is referred to a Brokerage Window or Self Directed Brokerage Account (SDBA). Vanguard currently allows an individual to use up 50% of his 401K plan in a SDBA account called the Vanguard

Brokerage Option Account. These changes to an individual's 401K account would have no cost to the Company. The Company appeared receptive and also invited Mr. Andrews to the quarterly 401K Planning Group meeting on August 25, 2016, to explain the account to the Company's committee.

The Company did not counter our proposals for either Article 20 or Article 22 at this time, so we broke for the day and cancelled our session for following day.

Our Committee would like to thank the observers that took the time to attend. Remember to check your Local's website for the most up-to-date information on times and locations of negotiations: www.amfa14.org and www.amfa32.com. If you have any questions, please contact your Airline Representative or attend your next monthly membership meeting for a question and answer period.

If you plan to attend a future negotiation session, please contact your Airline Representative to RSVP; by RSVP'ing you are guaranteed a seat if the room is full.

Sincerely,

Your Negotiating Committee

Upcoming Negotiation Dates – Upcoming meeting accommodations and times are yet to be determined.

August 3 - 5 Santa Rosa, CA

August 29 - 31 Location to Be Determined