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# International Brotherhood of Teamsters

To: Continental Airlines Mechanics and Related

From: Don Treichler, Director, Airline Division

Date: October 5, 2007

Subject: Changing from CARP retirement plan to another plan

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General. During the last negotiations, discussions were conducted about changing from the company CARP plan to an outside plan to help protect the members from any financial difficulties Continental Airlines might have. It was decided, given the numerous issues on the table at that time, to address this problem after the Section 6 negotiations were concluded. Subsequently, our financial advisors were asked to review and recommend those plans they believed would fulfill the objectives, which were to (1) maintain the security of the plan, (2) achieve an equal or better return for the member for the same cost, (3) adopt a plan independent of any potential company problems, and (4) to find a plan that would give past service credit.

Advisors' proposal. Given the objectives established, one plan fulfilled these objectives and that was the Western Conference of Teamsters Pension Plan (WCTPP). This Plan met all of the objectives. The WCTPP was the only plan that provided past service credit. Further, the Plan is the largest Taft-Hartley Plan in existence with assets well above \$30,000,000 (30 billion) and its return is based on current company contributions. In short, this Plan surpassed all other alternatives identified. A review committee of your peers studied the findings and recommended that the WCTPP be presented to you, the members, and then voted on for a change.

## Questions.

1. One member asked why we did not consider a 401K plan? Ans. The reason is simple. Such a plan does not provide past credit, it presupposes an equal contribution for all members as opposed to increasing the later years of contributions, and prospectively it would return less per member than would the WCTPP.
2. The same member asked why we did not simply adopt the UPS mechanics' plan? Ans. The answer is just as simple, the UPS plan has considerably higher contributions to its retirement and 401K plan than the current CAL contributions and increasing these would require lengthy Section 6 bargaining; whereas the WCTPP is predicated on using current contributions and, when Section 6 bargaining again commences, bargain to increase that contribution and, hence, its payouts.
3. The same member asked whether the move to a new plan would be voted on? Ans. The answer is yes.
4. Is the WCTPP safer than the CARP? Ans. With regard to size and it not being affected by Continental's financial health, it would be safer than CARP.
5. Is the WCTPP associated with or affected by the Teamsters Central States Plan? Ans. No.
6. Does a 401K provide past service credits as does the WCTPP? Ans. No.
7. Are many companies attempting to do away with defined pension plans? Ans. Yes.
8. Do the company actions set forth in the preceding question benefit workers? Ans. No. Defined pension plans are desirable, especially if they are controlled and administered outside of the company so that any financial ills it may have does not affect your accrued retirement.

Familiarization meetings. Your CAL Union leadership has been visiting your stations to answer questions and explain why this initiative is taking place. This results from your peer review committee recommendation to present the WCTPP to you for your vote. Listen carefully to the explanations, ask any questions you want, and do not fall victim to allegations that are not professionally researched.