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Northwest joins pilot union in seeking approval of pension change

BYLINE: By JOSHUA FREED, AP Business Writer**SECTION:** BUSINESS NEWS**LENGTH:** 439 words**DATELINE:** MINNEAPOLIS

Northwest Airlines asked a federal judge on Wednesday to declare that it's not age discrimination to tilt retirement contributions to less-experienced pilots to make up for freezing their pensions.

Northwest and the Air Line Pilots Association have agreed to the plan, but it is opposed by some of the airline's longer-serving aviators, who will get no additional retirement contributions.

Delta Air Lines Inc. and UAL Corp.'s United Airlines both terminated pilot pension plans during bankruptcy, turning them over to federal guarantors, which reduces benefits. Instead, Northwest froze its pensions. That way pilots still got what they had earned, although their pensions stopped growing.

To make up some of the difference, Northwest started a 401(k) plan with a matching contribution. Pilots who made more got a larger company match. But top-earning pilots were the ones who had also earned the largest possible pension under the old plan. Because of that, Northwest argued that the new plan had the perverse effect of giving older pilots who lost nothing on their pension more than they would have received before their pension was frozen. Meanwhile less-experience pilots made far less.

Northwest halted the 401(k) contributions on Dec. 1 with the agreement of the union. Instead, beginning Jan. 1 it will give the biggest company contribution to the pilots with the smallest pensions. It said it was aiming to equalize the difference between experienced pilots who will get their full pension, and younger pilots who no longer have the opportunity to see their pension grow.

Dave Stevens, the head of the Northwest branch of ALPA, said in a statement the new plan will "produce similar levels of final retirement income for both groups of pilots."

Northwest's lawsuit, filed Wednesday in U.S. District Court in Minneapolis, named the older pilots who have been fighting the switch.

"They're trying to have the court put a seal of approval on something that I think is grossly discriminatory against older pilots," said Jeffrey Lewis, an attorney for the older pilots.

He said Northwest is assuming the older pilots will get their full pension, which is why they're not getting contributions under the new plan. But there's no guarantee Northwest won't terminate its pensions in a future bankruptcy, he said. Northwest exited bankruptcy protection on May 31.

Pension consultant **Mark Johnson** of Grapevine, Texas, said that while an employer can't alter benefits based on a worker's age, it can change them based on an employee's years of service. Without the change, younger pilots at Northwest "are getting the least of both worlds," he said.

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