



ASSOCIATION OF  
PROFESSIONAL  
FLIGHT ATTENDANTS

## Reduction in Force at American Airlines

For October 3, 2020

### Guide to Understanding the Involuntary Furlough Process

#### Part 1



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## NOTABLE POINTS OF INVOLUNTARY FURLOUGH

- If a reduction is still needed after VEOPs, EVLOAs, and STLOAs have been awarded, the necessary amount of Flight Attendants will be involuntarily furloughed in inverse seniority order. (JCBA 23.C.1-2)
- If a Flight Attendant's seniority falls within involuntary furlough amount needed, they will convert to an involuntary furlough status regardless of leave status (exception is if a FA takes a VEOP) (JCBA 20.E).
- In the event of an involuntary furlough, the system seniority provision of Seniority, Section 20, will prevail, and there will be no exception for Foreign Language Speaker qualified Flight Attendants as it relates to furlough. (JCBA 22.J.3)
- A reduction in force **may** cause necessary displacements of Flight Attendants. (JCBA 22.H and 23.C.4)
- A Company employee who is on the Flight Attendant System Seniority List may return to the line, seniority permitting. (JCBA section 20.H.2)
- The Company will not fill any Flight Attendant positions with an internal transfer while any Flight Attendant is on involuntary furlough.
  - *For purposes of this section, an internal transfer is defined as a Company employee who does not have a current Flight Service seniority and whose name does not appear on the Flight Attendant System Seniority List. (JCBA 23.C.16)*
- Flight Attendant must retain all uniform items, pocket masks, and flex cuffs in working order while out on an Involuntary Furlough or will be responsible for paying for a replacement.
- Flight Attendant will be required to turn in to their FSM during their exit interview, immediately following the conclusion of their last trip, the following items: Company ID, Airport ID, all Company Keys, all parking hang tags and cards, and the Tablet.

## STEP 1 – NOTICE OF REDUCTION (JCBA 23.A)

When a reduction in force is deemed necessary, the Company will notify and confer with the APFA as soon as possible after the reductions are anticipated. When conferring with APFA, the Company will provide the following information:

- Projected number of Flight Attendant positions needing to be reduced
- Estimated Duration of time the reduction will be in effect
- Up-to-date Seniority List
- ❖ A general notice indicating the number and expected duration of furloughs will be placed on Flight Attendant bulletin boards and communicated electronically to Flight Attendants. (JCBA 23.A)
  - California, Illinois, and New York require personalized mailed notification
- ❖ *The Worker Adjustment and Retraining Notification Act (WARN Act) provides protection to workers, their families, and communities by requiring employers to provide notification 60 calendar days in advance of plant closings and mass layoffs. Advance notice provides workers and their families some transition time to adjust to the prospective loss of employment, to seek and obtain alternative jobs and, if necessary, to enter skill training or retraining that will allow these workers to successfully compete in the job market. WARN also provides for notice to State dislocated worker units so that dislocated worker assistance can be promptly provided.*

WARN does not supersede any laws or collective bargaining agreements that provide for additional notice or additional rights and remedies. If such law or agreement provides for a longer notice period, WARN notice shall run concurrently with that additional notice period. Collective bargaining agreements may be used to clarify or amplify the terms and conditions of WARN, but may not reduce WARN rights.

## STEP 2 – OFFERING ALTERNATIVE OPTIONS TO INVOLUNTARY FURLOUGHS (JCBA 23.B.1)

The contract provides for options as alternatives to involuntary furlough (JCBA 23.B). APFA and American Airlines came to an agreement to offer above and beyond what the contractual provisions provide allowing Flight Attendants with more incentives if they choose to take an alternative option. The alternative options offered were VEOP, EVLOA, and STLOA.

## STEP 3 – INVOLUNTARY FURLOUGH (JCBA 23.C)

If a reduction in force is still necessary after the VEOP, EVLOA, and STLOA have been proffered and awarded under JCBA 23.B.1, the Company will start processing involuntary furloughs.

		JCBA Ref
<b>How it is Processed</b>	Inverse System Occupational Seniority (Junior Up)	20.E; 23.C.1
<b>FAs Affected</b>	FAs who fall within the seniority range of the overage amount are subject to Involuntary Furlough	23.C.1
<b>Duration of Option</b>	Notice will establish start date. End date unknown	23.A
<b>Furlough Pay</b> (JCBA hourly rate as of Oct 3, 2020)	Yes. Amount based on Occ. Seniority/12mo look back avg	23.C.13
<b>Return to Duty Processed</b>	Offered Base Occupational Seniority (senior down) Drafted Inverse Base Occupational Seniority (junior up)	23.B.4.a
<b>Eligible for Health Benefits @ Active Rates</b> (Health benefits include: Medical, Dental, Vision and FSA/HSA.)	Yes, during furlough pay period	23.C.14
<b>Eligible for Short or Long Term Disability</b>	No. Will end 30SEP20	-
<b>Eligible for Life Ins. and AD&amp;D @ active rates</b>	Yes, during furlough pay period	23.C.15
<b>Sick Bank</b>	Pauses until return to duty	9.D
<b>Accrued/Unused Vacation Days</b>	May opt for payout or carry forward until return to duty	23.E
<b>Unemployment Contested</b>	No	-
<b>Travel Passes</b>	Unlimited D2R travel passes for 24 months in accordance with Company policy	23.C.19
<b>Displacement Possible Upon Return</b>	Yes	23.C.4
<b>Transfer Ability During Furlough</b>	No	22.D; 22.K.e; 23.C.7
<b>Attendance and Performance Policy</b>	Pauses until return to duty	-
<b>FOS (DECS) Removal Code Used</b>	FR	-
<i>*FAs have unlimited recall. FA who is on probation at the time of furlough will maintain recall rights (JCBA 21.B.2)</i>		

Seniority and Accrual				
	Accrue	Duration		JCBA Ref
		Start	End	
<b>Accrual of Occupational Seniority</b> (bidding)	Yes*	Continues to accrue	Continues to accrue	23.C.11
<b>Accrual of Sick Time</b>	No	1st Day of FR	Return to Duty	9.C.1.b
<b>Accrual of Vacation Days</b>	No	1st Day of FR	Return to Duty	8.A.3
<b>Accrual of Longevity Seniority</b> (pay and vacation step increase)	No	1st Day of FR	Return to Duty	23.C.10
<b>Reserve Rotation “Seniority”</b> (i.e. straight, 1 on/1 off, 1 on/3 off)	Yes	Continues to accrue	Continues to accrue	12.A.3.i-iv
<b>Fullfills Reserve Obligation</b>	No	1st Day of FR	Return to duty subj to RSV	12.A.4
<i>* If returns from furlough after a period greater than five (5) years, shall be subject to a probationary period of 6 months.</i>				

Travel for Employee and Guests for Involuntary Furlough	
<i>(See Company Policy on Jetnet for the # of each pass type allotted per year for the specified duration)</i>	
<b>Travel Policy</b>	Unlimited D2R travel passes for 24 months in accordance with Company policy
<b>Employee Pass</b>	D1♦D2R♦A9♦AA20
<b>AA Jumpseat</b>	No
<b>Reciprocal Jumpseat</b>	No
<b>Employee Parents</b>	D2P or D2R w/emp♦A9♦AA20
<b>Employee Family</b> (Spouse/children under 24 yrs old)	D1♦D2R♦A9♦AA20
<b>Reg Companion/Domestic Partner</b>	D1♦D2R♦A9♦AA20
<b>Guest Travelers (D3)</b>	D3
<i>A9 is travel for bereavement</i>	

## INVOLUNTARY FURLOUGH PAY (JCBA 23.C.13)

When a Flight Attendant is placed on involuntary furlough status, and they have one (1) or more years of service, they are eligible to receive furlough pay (severance pay). This pay is based on the average number of paid hours in the 12 months prior to the involuntary furlough date. The lookback does not include premiums like red flag pay, lead, galley, or per diem. The following table breaks down the duration this amount is paid:

- Paid semimonthly on the 15<sup>th</sup> and 30<sup>th</sup> of the month. (JCBA 3.N) The first furlough paycheck would be on 30OCT, and the pay will continue to be split evenly between the mid-month and end of month check for the duration.

Years of Service (Based on Occupational Seniority JCBA 20.E)	Furlough Pay Period* (# of Months paid the 12 mo. Average**)
1 to less than 2 Years	0.5 month
2 to less than 3 Years	1.0 month
3 to less than 4 Years	1.5 months
4 to less than 5 Years	2.0 months
5 to less than 6 Years	2.5 months
6 to less than 7 Years	3.0 months
7 to less than 8 Years	3.5 months
8 to less than 9 Years	4.0 months
9+ Years	4.5 months

\*Furlough pay period is 1<sup>st</sup> day of involuntary furlough until pay ends  
 \*\*Average based off last 12 months

- ❖ **Example:** A 5 yr, 3 mo FA has a 12 month look back average of 60 hours. They are entitled to 2.5 mo furlough pay. They will be paid 60 hrs the first 2 months each and 30 hours for the 0.5 mo totaling 150 hours of furlough pay.

OCT	NOV	DEC 1-15	DEC 16-31	JAN Forward
Furlough Pay Period				
Paid 60 hrs	Paid 60 hrs	Paid 30 hrs	No Pay	No Pay

- ❖ **NOTE:** (JCBA 23.C.17) A Flight Attendant who accepts recall and reports for duty and is subsequently furloughed within one (1) month shall be guaranteed a minimum of one (1) month's pay.

### FINAL PAYCHECK FOR INVOLUNTARY FURLOUGH

- Benefits, including FSA/HSA, will be deducted, along with any normal deductions such as garnishments and uniforms

### COLLECTING UNEMPLOYMENT WHILE ON INVOLUNTARY FURLOUGH

The Company has stated they will not contest unemployment claims during the furlough pay period, or while on furlough.

Please see the APFA Unemployment Resource page for more information.

<https://www.apfa.org/unemployment-resources/>

## COMPANY AND FLIGHT ATTENDANT OBLIGATIONS WHILE ON INVOLUNTARY FURLOUGH

### Company Obligation:

- Written notice will be mailed to the furloughed FAs address on file in Jetnet, postmarked no later than 15SEP20. Additionally, a CCI notification will be sent. (JCBA 23.C.2)
- A detailed information packet will be available online for FAs that will include AA Contact numbers.
- The Company must furnish APFA with an updated address list of FAs within 14 days and any subsequent address changes. (JCBA 23.C.5)

### Flight Attendant Obligations:

- Must update address with the Company, and any subsequent address changes after the commencement of the furlough. (JCBA 23.C.5)
- If they are assigned any duty period beyond the start date of the furlough, they are obligated to complete that duty period. Their furlough date and any Flight Attendant senior to them will be adjusted to have a new start date at the completion of the duty period. (JCBA 23.C.3).

- If you do not have any carryover trips, you will be paid a daily rate based on 71 hours/31 days = 2:17 for a total of 4:34hrs.
- If you have a carryover trip on October 1, and no flying on October 2, you will be paid the trip value for October 1 and a daily rate for October 2.
- If you have a carryover trip on October 1 and October 2, you will be paid either 4:34hr or the value of the trip, whichever is greater.

## MEDICAL, DENTAL, VISION AND FSA/HAS INSURANCE FOR INVOLUNTARY FURLOUGH (JCBA 23.C.14)

Flight Attendants and their dependents will be eligible to remain in the Company's group medical and dental plans at active rates during any period they are receiving furlough pay.

### Rates for Health Benefits:

- Following the furlough pay period, the Flight Attendant may continue medical and dental at full rates (non-active rates) under COBRA for the duration allowed under COBRA for a maximum of 18 months. (JCBA 23.C.14)
  - The 18-month maximum COBRA period begins at the start date of your furlough, meaning the furlough pay period runs concurrently with the 18 months of COBRA.
  - **Example:** FA's involuntary furlough pay ends on 15DEC. FA's health benefits would end or convert to COBRA on 16DEC

OCT 1 <sup>st</sup> (Start of Furlough)	NOV	DEC 1-15	DEC 16-31	JAN thru the 18 <sup>th</sup> Month	19 <sup>th</sup> mo up to Recall
Furlough Pay Period			FA may elect to convert to Full COBRA Rates COBRA Period: 18 Months Maximum		No Benefits
Active Rates for Health Benefits					

- ❖ **Note:** If you or your covered dependents are Medicare-eligible, COBRA will be secondary even if you or your dependents are not enrolled in Medicare. If you enroll in Medicare after your COBRA eligibility date, your COBRA eligibility will cease the date your Medicare coverage becomes effective.

### Process for Continuing Coverage under COBRA:

- Flight Attendant will be mailed a COBRA notice from Alight Solutions, the Company's COBRA administrator. This packet may take up to two weeks to be mailed to your address on file.
  - May request another packet by calling American Airlines Benefits Service Center at (888) 860-6178
- Form will have information on your rights under COBRA, your election form with benefit options, and costs.
- Flight Attendant will have up to 60 days from the date the packet is mailed to enroll with the American Airlines Benefits Service Center. FA can enroll one of the following ways:
  - Calling the Benefits Service Center at (888) 860-6178
  - Visit <http://digital.alight.com/american-airlines>
  - FA will be required to create their own username and password as a first-time user.

### Appearance of Gap in Coverage when Converting to COBRA:

- Once you enroll in COBRA, you will be billed for coverage.
  - Coverage and payment will be retroactive to the start date of involuntary furlough. To maintain coverage, the FA must pay the full cost of COBRA on time.
  - Flight Attendant will have 45 days to make the initial payment for COBRA, and coverage does not go into effect until payment has been made.

- In the event you incur costs prior to making your COBRA elections and first payment, you will need to pay for services out of pocket. For reimbursement, you can either submit a claim to your claims administrator or request the provider to submit the claim on your behalf.
  - To reduce this time, making the COBRA elections and submitting payment is key. The earlier this is completed, the shorter the delay will be in reactivating coverage.
- Payments can be made by either:
- Mailing a check or money order directly to the address on the billing notice
  - Online at <http://digital.alight.com/american-airlines> using your checking account

**Additional Information:**

- Involuntary Furlough is considered a life event. A Flight Attendant may change their benefits selections outside of the yearly enrollment.
- Flight Attendant may continue to use their FSA during their furlough pay period. Once the furlough pay period is over, you will have an opportunity to elect COBRA to continue your FSA through the end of the calendar year.
  - Any rollover funds from the previous year will still be available to you, but you will not be able to roll any funds over to the next plan year.
  - If you do not elect COBRA after your furlough pay period, you will not be able to incur any expenses after that date. You will have until June 15, 2021, to submit eligible expenses for reimbursement.
- HSA deductions can continue while on furlough pay. Your HSA is yours to keep and access indefinitely following your separation

**LIFE INSURANCE FOR INVOLUNTARY FURLOUGH (JCBA 23.C.15)**

Flight Attendants will continue to receive the Company’s Group life insurance during the involuntary furlough pay period.

- Upon completion of the furlough pay period, the life insurance shall cease.
  - Flight Attendant may choose to convert the coverage to an individual policy
    - FA will receive a letter from MetLife Life Insurance after furlough pay period or may also choose to call MetLife at 877-275-6387
    - Premiums for the converted policy and a statement of good health are determined by the Company’s insurance carrier
  - Each furloughed Flight Attendant will receive a conversion form from the Company for the purpose of continuing such insurance, if desired, with no lapse in coverage
  - Example: FA’s furlough pay ends on 15DEC. FA’s Life Insurance would end or convert on 16DEC

OCT 1 (Start of FR)	NOV	DEC 1-15	DEC 16-31	JAN	FEB	MAR	APR until Recall
Furlough Pay Period			<i>FA may elect to convert to Individual Life Insurance Policy</i>				
Company Paid Life Insurance							

- Supplemental Insurance (Accidental Death, Extra Voluntary Life, etc.) will continue until the last day of the furlough pay period. You will not be able to convert these.

**RECALL FROM INVOLUNTARY FURLOUGH (JCBA 23.C.12)**

The Company shall recall involuntarily furloughed Flight Attendants in order of system occupational seniority.

- Company will send a recall notice to the most recent address on file by second day delivery service with signature required.

- FA May defer recall until there are no more junior Flight Attendants on involuntary furlough. (JCBA 23.C.9)

- ❖ **Note:** A furloughed Flight Attendant who fails to accept a recall when there are no more junior Flight Attendants on furlough shall be considered to have resigned from the Company.

## ADDITIONAL INFORMATION

### RETIREMENT ACCOUNTS (401K AND ROTH IRA) INVOLUNTARY FURLOUGH

#### Fidelity Policy:

- Flight Attendant is responsible for any loan payments and must contact Fidelity for payment plan options.
- If you have an existing loan from your workplace savings plan, you may be eligible to pause those payments (sometimes called deferment) for a period of time. If your plan has any online loan or withdrawal options, you'll see a "Loans and withdrawals" link in the "Options available to you" section below. Check there to see if you can pause your loan payments.

Withdrawing money from your 401k should be your last option, not your first. A few thousand dollars now will mean tens of thousands of dollars less in retirement, plus you have to pay taxes, and maybe a 10% penalty. If you MUST get money from your 401k, first check on getting a loan. No taxes or penalties on that money, so you get full use of it, and you don't cheat your future self, because you will gradually pay that money back after the payment deferral period.

(link below to the doc)

<https://myguidance.fidelity.com/ftgw/pna/customer/lifeevents/content/changingjobs/overview/losing-a-job-furlough>

- Flight Attendant may rollover their 401k to a new employer if they accept employment while on furlough

#### Federal CARES act:

- Due to the recent CARES Act, you may be eligible to request a coronavirus distribution of up to \$100,000 from January 1, 2020, through December 30, 2020, from your IRA and workplace savings plan (such as a 401(k), 403(b), etc.). You may spread the income tax on your distribution over three years. The distribution will be exempt from the 10% early withdrawal penalty and you may repay it within 3 years. Your plan may also have other withdrawal options.

### EDUCATION/INTERIM EMPLOYMENT WHILE ON INVOLUNTARY FURLOUGH (JCBA 23.D)

A Flight Attendant on involuntary furlough will be allowed to accept employment while away

- A Flight Attendant who accepts employment while on furlough which requires a contractual commitment for a period of up to three (3) years (JCBA 23.D.1.a)
  - FA must notify the Company of the interim employment contract
  - Company must convert, at FA request, to a PLOA if recalled before end of interim employment contract
  - **Example:** FA accepts employment as a teacher and signs a contract with a 2-year obligation. When the FA is recalled, the FA still has 6 months left in their teacher contract. Upon providing documentation to Flight Service, the Company must convert the FA to a PLOA.
- A Flight Attendant who accepts employment while on furlough which requires a contractual commitment for a period of over three (3) years (JCBA 23.D.1.a)
  - FA must notify the Company prior to accepting the interim employment contract
  - Agreement is at the Company's option:
    - If Company agrees, then the Company must convert FA to a PLOA
    - If Company does not agree, there is no obligation for the Company to convert the FA to a PLOA upon recall



- A Flight Attendant on a voluntary or involuntary furlough will be allowed to work other employment within the aviation industry, including at American. (JCBA 23.D.1.c)
- A furloughed Flight Attendant seeking alternate employment with the Company may be considered for such available employment for which she/he may be qualified. (JCBA 23.D.2)

### EMPLOYER DEDUCTIONS (E.G., UNIFORMS, TABLET, ETC)

If a Flight Attendant has any employer deductions taken from their paycheck (e.g., uniform, tablet, etc.), the balances will be suspended until return to duty.

- Involuntary Furlough will continue to deduct during the furlough pay period.

### CREDIT UNION LOANS

If a Flight Attendant has direct deposits and/or loans at the Credit Union, they need to contact the Credit Union to make timely payment arrangements.

### FLIGHT ATTENDANT REQUIRED EQUIPMENT/COMPANY PROPERTY

	Involuntary Furlough
<b>Items FA Needs to turn in to the Company</b>	Tablet All Company Keys Company ID Airport ID Airport Parking Tag/Card
<b>Items FA Needs to Maintain in Working Condition for Return to Duty*</b>	All Uniform Items Flex Cuffs Pocket Masks
<b>Who to Contact for Questions</b>	fa.questions@aa.com
<i>* Upon return to duty, all items need to be in working order, or FA may be responsible for paying for a replacement.</i>	

### APFA UNION DUES

During your furlough pay period, your dues will continue to be deducted from your paycheck. APFA will continue to bill you for Union dues during your furlough, and you will be in dues arrears after sixty (60) days of unpaid dues. You will be required to pay dues to remain in good standing to vote and participate in APFA activities. If you do not pay dues during furlough, your balance will be forgiven upon recall from furlough.