

Airlines Differ on Retirement Plans for Employees 'Flying Solo'



AASP recently received the following letter from a member who works for American Airlines as a flight attendant.

As a result of her complaint, we are opening an ongoing investigation into the way in which "solo singles" are treated by employment-based 401(k) programs and pension plans.

Our first step was to confirm the validity of her complaint with American Airlines. Then we looked into the way in which two smaller airlines – National and America West – treat their unmarried employees.

This fall we plan to have a team of college student interns do some investigative reporting into several areas where we have found unfair treatment of unmarried Americans as workers, taxpayers, and consumers.

Complaint: Pension Benefits Forfeited

I am very upset with the way in which the pension plan at American Airlines treats unmarried employees. I have worked as a flight attendant with American for 10 years and would like to designate my sister as my pension beneficiary.

When I called the benefits department for a beneficiary designation form, I was told that "while you are an active employee, if you die only a spouse can receive your pension benefits." I was advised that the beneficiary of an unmarried employee may only collect pension benefits if the employee dies after retirement.

I told the benefits agent that this was marital status discrimination. She replied that "married people have more obligations."

I consider the contributions of American Airlines to the pension plan as part of my employee compensation. I could not believe that my marital status could be used as an excuse to cheat me out of those benefits if I were to die before I retire.

As a new member of AASP, I am very grateful to know there is an organization (and social movement) fighting marital status discrimination. Hopefully, as the spotlight is placed on an all-too-accepted form of social discrimination, AASP will help end inequities that legally single Americans endure on a regular basis.

June M.,
Los Angeles



Response: Solo workers find friendlier skies at National and America West than American Airlines

A year ago, AASP began wondering about workplace equality at American Airlines and other major carriers.

We were concerned when some of these large airlines adopted domestic partner benefits plans which excluded heterosexual couples. In effect, they tell unmarried heterosexual workers that they must get married in order to get benefits for their partners.

Now your complaint raises concerns about the treatment of workers who do not have a spouse or a same-sex partner. Our investigation of your complaint has found that employees who "fly solo" at American will indeed forfeit company contributions to the pension plan if they die before retirement.

After our review of American's pension plan rules confirmed what you told us, we decided to contact two smaller airlines to see how unmarried employees fare under their retirement savings plans.

National Airlines does not have a pension plan, per se, but it does have a 401k plan for employees. Employer contributions to the plan vest in the employee immediately.

An employee's beneficiary may receive all of the assets in the plan regardless of when the employee dies and regardless of whether the employee is married or unmarried, gay or heterosexual.

Furthermore, the domestic partner benefits plan recently adopted by National Airlines does not discriminate against unmarried heterosexual domestic partners.

When we checked with America West Airlines, we found that they had benefits programs similar to those at National Airlines. Their 401k plan operates the same for all employees regardless of gender, marital status, or sexual orientation. Their domestic partner benefits plan is available to same-sex and opposite-sex couples.

Our investigation into the benefits programs at these three airlines reinforces the principle that bigger is not necessarily better. ▲▲