

Board Disposition: Adopted on a BRAB Consent Calendar on 5/18/2021 without objection

R2021-25	SOURCE: BRAB	FOR: _____
BOD MTG: SPRING	PROPOSER: CA Dave Rintel	AGAINST: _____
5/18-21/2021		ABSTAIN: _____
		ABSENT: _____

Title:	APA Voluntary Supplemental Medical & Custodial Care Benefit Plan – Termination of CCB Plan Component
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Drafting Committee	Policy Manual Amendment:	Cons. & Bylaws Amendment:

Drafting Committee:

DATE CONSIDERED: <input type="checkbox"/>	OTHER AVAILABLE BOD ACTIONS: <input type="checkbox"/> Amend (By Rev # -- OKd by Maker) <input type="checkbox"/> Amend (Without Maker OK) <input type="checkbox"/> Refer (To Whom? Instructions?) <input type="checkbox"/> Postpone Indefinitely (Kill) <input type="checkbox"/> Postpone to a Certain Time <input type="checkbox"/> Adopt-in-Lieu Of _____	FOR: _____ 0 AGAINST: _____ 0 ABSTAIN: _____ 0 ABSENT: _____ 0
RECOMMENDED FINAL ACTION: <input type="checkbox"/> Adopt <input type="checkbox"/> Defeat		

1 **WHEREAS**, the Allied Pilots Association Voluntary Supplemental Medical & Custodial
 2 Care Benefit Plan (SMP) may be amended or terminated at anytime through a resolution approved
 3 by the APA Board of Directors (Board); and

4 **WHEREAS**, the SMP currently provides for a separate Custodial Care Benefit (CCB), with
 5 its own contribution and benefit structure, in the amount of \$50 per day with a lifetime maximum of
 6 1,095 days per participant or a maximum benefit of \$54,750.00; and

7 **WHEREAS**, effective July 1, 2001, eligibility to participate in the CCB component of the
 8 SMP was closed to new participants and only those enrolled prior to July 1, 2001, have been allowed
 9 to continue participating in this separate benefit since that time; and

10 **WHEREAS**, due to the frozen nature of the benefit, the number of participants in the CCB
 11 has declined over the years and will continue to do so, with only a small number of SMP participants
 12 who are also eligible to receive CCB benefits and a very small number of SMP participants already

13 eligible to receive payments related to CCB; and

14 **WHEREAS**, the Board has previously approved contribution holidays in order to minimize
15 any excess assets related to the CCB component; and

16 **WHEREAS**, the Board also previously passed a Motion directing the Benefits Review and
17 Appeals Board (BRAB) to study possible termination of the CCB component; and

18 **WHEREAS**, the BRAB has further studied this issue in consultation with the SMP's
19 actuarial consultants, Segal; and

20 **WHEREAS**, in consultation with Segal, the BRAB has developed a proposed termination
21 methodology, which would involve termination of the CCB as of a future date when the CCB's
22 assets will be sufficient to payout 100% of the lifetime maximum amount of \$54,750 per participant
23 for those participants who have not yet reached their lifetime payable benefit, whether yet in benefit
24 payment status or not; and

25 **WHEREAS**, Segal's projections estimate that this is likely to occur in or around calendar
26 year 2029; and

27 **WHEREAS**, the BRAB also recommends that, at such time, and after payment of any
28 remaining administrative expenses that are chargeable to the CCB under applicable law, the assets
29 that have been allocated to the CCB component be distributed in the form of a single lump sum
30 payment to those remaining participants who are or would be eligible to receive benefits from the
31 CCB as of the termination effective date, with each such payment to be equal to the lifetime
32 maximum benefit amount of \$54,750, minus any benefits previously paid to such participant from
33 the CCB; therefore

34 **BE IT RESOLVED**, that the APA Board of Directors (Board) hereby approves the
35 termination methodology outlined above; and

36 **BE IT FURTHER RESOLVED**, that the current contribution holiday will remain in place

37 until further notice; and

38 **BE IT FURTHER RESOLVED**, that the Benefits Review and Appeals Board (BRAB) will
39 continue to work with its outside consultants to monitor the funded status of the CCB component as
40 the time period outlined above approaches; and

41 **BE IT FURTHER RESOLVED**, that the BRAB will report to the Board periodically on
42 any material changes to the funding status of the CCB that affect the methodology described herein;
43 and

44 **BE IT FURTHER RESOLVED**, that the Board directs and authorizes the BRAB, National
45 Officers and Benefits Department to take the necessary actions that are reasonable and necessary to
46 implement this resolution; and

47 **BE IT FURTHER RESOLVED**, that all the acts and doing of the BRAB, National Officers
48 and Benefits Department that are consistent with the purposes and intent of this resolution will be,
49 and the same hereby are in all respects, ratified, confirmed, approved, and adopted.