LUFTHANSA OFFERS CABIN PERSONNEL CONTINUED TOP REMUNERATION AND TOP PENSION PROVISION

News / Airlines



• Pension provision: cabin staff who choose to fly longer to receive significantly higher pensions (or substantial lump-sum payment) • One-off EUR 20 million payment by Lufthansa into company pension fund for cabin personnel • All 19,000-odd cabin personnel of Lufthansa German Airlines to remain entitled to transitional pension provisions • Remuneration offer: one-off EUR 2,000 payment for 2015 for all cabin personnel; 1.7 per cent increase in all cabin staff salaries for 2016; further corps-wide 1.7 per cent salary increase for 2017

After months of negotiations on various collective labor agreement issues, **Lufthansa** today made its Unabhängige Flugbegleiter Organisation (UFO) **cabin** crew union a further comprehensive offer addressing all the currently-open negotiation items – particularly the **remuneration** and the **pension provisions** for the 19,000-odd cabin personnel of Lufthansa German Airlines.

Retirement and transitional pension provisions

Under the new Lufthansa offer, any cabin crew member who elects to remain longer in flying

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service should be able to substantially increase their future company retirement pension, by ensuring that the transitional pension provisions which are no longer required through their decision to continue working are put towards their future retirement pension. As a result, the employee can secure themselves a retirement pension amounting to up to 100 per cent of their final basic salary.

As an alternative to this, the employee may opt to have any part of their transitional pension entitlement which they do not make use of paid out in lump-sum form. This payment could amount to up to several hundred thousand euros per employee (see accompanying chart), and would represent a substantially more flexible and more advantageous alternative to the present pension system.

Lufthansa and UFO have already agreed that the company pension fund for cabin personnel should be transformed from the present defined-benefits system to the kind of defined-contributions system which has long been the norm at most DAX 30 corporations. The new system will see Lufthansa pay-in a specific amount to finance the future retirement pensions of each cabin crew member, which will then generate interest on the capital markets. A long-term average return of 5.5 per cent a year can realistically be achieved here: last year's return on the capital amounts invested for future pension provision amounted to 6.5 per cent.

Lufthansa is further proposing to UFO that cabin personnel should still be able to retire from flying duties at age 55 and benefit from top transitional pension provisions. The pension system proposed is designed to ensure that with an annual pension savings return of 5.5 per cent, the employee would be entitled to a transitional pension that matches today's levels from age 56 onwards – one of UFO's prime demands in the current negotiations. Lufthansa would also be prepared to pay contributions for such future transitional pension provision for any new cabin personnel joining the company in the next ten years.

Lufthansa has further offered to make a one-off EUR 20 million payment towards cabin crew members' future retirement and transitional pension provision. Lufthansa and UFO would jointly decide how this additional amount could most effectively be used.

Lufthansa's latest offer on the retirement and transitional pension provisions for cabin personnel would ensure that the cabin crew members of Lufthansa German Airlines continued to enjoy one of the most beneficial occupational pension schemes in the entire airline sector.

Remuneration

Lufthansa's latest offer makes major concessions towards UFO not only in pension provision terms, but also on the remuneration front. Lufthansa already guarantees its cabin personnel some of the highest remuneration in the airline industry. But the company is now further improving on this to offer a range of financial enhancements over the next three years that include:

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a lump-sum payment of EUR 2,000 for every cabin crew member for 2015 (part-time employees will receive a corresponding pro rata amount);
a 1.7 per cent increase in the salary table benchmarks from 2016 for all cabin personnel who joined the company before 1 January 2013;
a further 1.7 per cent increase in the salary table benchmarks from 2017 for all cabin personnel who joined the company before 1 January 2013.
Lufthansa is also prepared to meet UFO’s demand for the establishment of an “Employees’ Fund” for its cabin personnel. This fund would offer additional resources to help finance relocations, further training, profit sharing and more.

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