

Ratification Bonus: Calculation and Payouts

AFA - Hawaiian Airlines



Ratification Bonus Purpose

- ▶ Address: No % increases to pay scale since January 2017
- ▶ Not a fixed \$\$ amount for everyone
- ▶ Based on a lookback

- ▶ Considerations:
 - ▶ Not all Tas have ratification bonus
 - ▶ HA's bonus is significant

Overview

- ▶ Paid out over 12 months
- ▶ Paid and taxed as regular wages
- ▶ 401(k) eligible: 5% company contribution
 - ▶ 5% company contribution
 - ▶ 2% or 2.5% (over 20 YOS) company match
- ▶ Based on average W2 wages for
 - ▶ 2017
 - ▶ 2018
 - ▶ 2019

W2 wages:
All 401(k) eligible income
-Not Scorecard bonus
-Not profit sharing

Total Ratification Bonus Amount: **\$19.5 million**

- ▶ Represents approximately 19% of FA payroll for 2019
- ▶ 3yr lookback to January 2017, applying TA wages
- ▶ Same formula as pilots used for calculating total amount

Important Points

- ▶ 12 Monthly payments starting May 7th
 - ▶ May 7th paycheck will have payments for April and May
- ▶ FAs who retire/ resign will receive a lump sum
- ▶ FAs on vol furlough/COVID Leave: payments suspended until return
 - ▶ Once FA returns, catch-up payment and resume monthly payments
 - ▶ Will not offset unemployment benefits
- ▶ FAs on a leave of absence (non-COVID)
 - ▶ Will receive payments
 - ▶ *Must be aware of all deductions and would continue paying medical premium*

Calculation Formula

- ▶ Total pay for years 2017 + 2018 + 2019
- ▶ Divide by 3 = Average pay for 3 years
- ▶ Average Pay x 19.9% = \$BONUS

- ▶ Minimum bonus = \$1,000
- ▶ FAs with 4 mos seniority or less get \$500

Simple Demonstration Example

1. Calculate Average of 3 years:

- ▶ 2017 \$30,000
- ▶ 2018 \$35,000
- ▶ 2019 \$45,000

TOTAL of 3 years = **\$110,000**

2. Divide 3-yr Total by 3 to get average:

▶ $\$110,000 \div 3 = \$36,667$

3. Multiply the 3-yr average by 19.9%

▶ $\$36,667 \times 19.9\% = \$7,297 = \text{BONUS}$

ACTUAL BONUS CALCULATIONS

Average of 3 Years

\$59,156

\$89,998

\$99,278

\$23,595

\$14,302

\$52,874

Bonus Payout

\$11,783

\$17,926

\$19,774

\$ 4,699

\$ 2,848

\$10,531