



## Retiree Pass Travel Improvements

September 28, 2017

Retiree organizations have worked over the last year advocating for improvements to our Pass Travel benefits. United Airlines graciously hosted a Retiree Summit in April and a couple follow-up conference calls through the summer. Today we are pleased to announce the Company has agreed to one of our suggestions:

**Effective in 2018, retirees will be able to change their Enrolled Friends two times per year; the first effective on January 1, the second effective on July 1.** This enhanced benefit applies to retirees only; all other aspects of the Enrolled Friend program remain unchanged.

Note: Open Enrollment in December 2017 will remain the same as usual. In June 2018 a second Open Enrollment will take place for retirees to either change or keep their EFs for the remainder of the year (July-December). Look for full details coming soon on Flying Together. During our April meeting with senior management we also requested improvements to boarding priority and/or vacation passes for retirees. UA President Scott Kirby told us the Company is intent on building positive momentum with employees and they feel strongly that changes to our boarding priority, either directly or through vacation pass changes, would be counterproductive to that effort.

Other Pass Travel suggestions we discussed included "Primary" Enrolled Friends for retirees, enabling Enrolled Friends of widows and widowers to continue pass travel beyond the 90 days following the death of the employee and increasing the discount on the myUADiscount positive space benefit. The Company did a cost/benefit analysis on each item and said they will not extend pass travel to individuals who have never worked for United as it impacts operational efficiency and increases costs. Changing the myUADiscount above 20% would create taxable events for retirees/employees, and with the introduction of Basic Economy, the myUADiscount has become an even better bargain.

We appreciate the Company took the time and resources to sit down with us face-to-face, hear our Pass Travel requests and act on them. While our lack of success in some areas is disappointing, we appreciate that the Company worked with us to secure this enhancement to the Enrolled Friend program. We give the Company credit for initiating regular meetings with the retiree groups during the last year for the first time in our memory. That in itself is a welcome

change and we look forward to addressing other ways retirees and the Company can work together on issues in the coming years with this new relationship.

**Additional news:**

Imputed Taxes on Pass Travel are changing.

Effective November 1, 2017 reporting will change from Form 1099 to Form W-2. In March of 2018 retirees will receive quarterly invoices for tax withholding. **Read the information in the Travel section on Flying Together [here](#).** For our members` convenience the section of the Flying Together website in the Travel Section titled "**W2 Pass Travel Tax Reporting**" is reproduced at the end of this announcement.

Besides the improved Enrolled Friends program and a new method of collecting Imputed Taxes for retirees, we learned of three other improvements to Pass Travel:

- 1) **Availability for contacting the ETC by phone has significantly increased from 8 hours a day M-F to 12 hours per day, 7 days a week.** Although these calls are outsourced, there has been more call operator training. Now there is a survey we can take at the end of each call and if your input is negative, you will be contacted by an ETC employee based in the US to find out how the issue you experienced can be improved. This is a very welcome improvement!
- 2) There is **24/7 support for Pass Travel and other retiree questions (name changes, health insurance, etc) available online via the "United Service Anywhere" portal on Flying Together > Employee Services.**
- 3) Coming next year: **An updated, mobile version of employeeRES!** This will make accessing Pass Travel a piece of cake on tablets and mobile phones. We will be briefed more on this in our next meeting with management.

Already the Company has said they will evaluate two other requests: 1) Retiree ID cards are costly and do not have file numbers on them. 2) The annual fee for a MileagePlus Explorer credit card is discounted for employees but not for retirees. We hope to hear back about these items on our next conference call.

If you have any suggestions for retiree improvements contact your local retiree council; the Company does prefer the suggestions come thru retiree group leaders.

The 6 retiree groups who participated at the April 2017 Summit:

Retired Association of Flight Attendants (RAFA)

Retired United Pilots Association (RUPA)

Retired United Airlines Employees Association (RUAEA)

Golden Eagles

Clipped Wings

ARECA

**W2 Pass Travel Tax Reporting - reproduced from the Travel Section of the Flying Together website.**

## **W-2 Pass Travel Tax Reporting**

### **For Retirees and Former Employee Pass Travel Participants**

Under United's current tax reporting policy, any taxable imputed income resulting from your pass travel and/or that of your eligible pass riders is reported to you and the Internal Revenue Service (IRS) on Form 1099 (You can refer to the included FAQs for an explanation of taxable imputed income.). We are making a change to our process in order to more closely follow tax reporting laws and align the way we report taxable pass travel income for both former employee participants and current employees. **For pass travel on or after November 1, 2017, any taxable imputed income will be reported to you on Form W-2 and will no longer be reported to you on Form 1099.**

As a result of this change, starting on November 1, 2017, we will begin to collect any federal and state withholding taxes that apply to your taxable pass travel income via quarterly invoice. The first invoice will be sent in March 2018 for any travel from November 1, 2017, to January 31, 2018, and invoices will be sent every three months thereafter.

**Despite the adjustment in reporting, there is no change to how pass travel is taxed.** Pass travel for retirees and their spouses, parents and dependent children under age 26 is still not taxable. Pass travel for a retiree's domestic partner, enrolled friends, and extended family buddies is taxable. For early out participants, all pass travel is considered taxable.

**NOTE: The previous 1099 method of reporting imputed tax allowed omitting taxes on imputed income if those taxes were calculated to be less than \$600; that procedure is no longer in effect. With the W2 reporting process all travel taken by taxable pass riders will be taxed.**

Taxable Pass Riders (if you don't have any taxable pass riders, you will not be subject to tax.)								
<b>Your Status</b>	<b>Employee</b>	<b>Spouse</b>	<b>Domestic Partner</b>	<b>Parents</b>	<b>Children</b>	<b>Enrolled Friends</b>	<b>Extended Family</b>	<b>Buddy Buddy</b>
Retiree	No	No	Yes	No	No*	Yes	Yes	Yes
Early Out**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

\*In general, a retiree's children who are financially dependent are not taxable up to age 26.

\*\*Includes only early out participants who will not grow into retiree status. Early out participants who grow in to retiree status are taxed as a retiree.

**Here is how the new process will work:**

- We will review your taxable pass travel income on a quarterly basis (aligned with the November - October fiscal calendar) and calculate any associated withholding tax liability.
- Starting in March 2018, you will begin to receive quarterly invoices via the U.S. Postal Service. These invoices will request payment of the calculated withholding tax.
- You will need to pay the invoiced amount by check or money order to the address specified on the invoice.
- At the end of each calendar year (beginning in January 2019), you will receive a Form W-2 reflecting your taxable pass travel income and the associated tax withholdings for the preceding year.
- NOTE: In January of 2018, you will receive a Form 1099 reporting your taxable pass travel income for travel through October 31, 2017. No withholding taxes will be collected for travel prior to November 1, 2017.

**Timeline:**

**2017**

**Sep 27** - employeeRES will begin to display estimated tax for travel on or after November 1, 2017

**Nov 1** - Withholding taxes for taxable travel on or after this date will be billed in March 2018

**2018**

**Jan** - Form 1099 issued for travel prior to November 1, 2017

**Mar 10** - Invoices delivered for withholding taxes from taxable travel November 1 - January 31

**Jun 10** - Invoices delivered for withholding taxes from taxable travel February 1 - April 30

**Sep 10** - Invoices delivered for withholding taxes from taxable travel May 1 - July 31

**Dec 10** - Invoices delivered for withholding taxes from taxable travel August 1 - October 31

## **2019**

**Jan** - Form W-2 issued for travel from November 1, 2017 - October 31, 2018

### **Helpful resources and contact information:**

For those affected by this change, we are committed to assisting you through the transition. Below are some resources that can help to answer any questions you might have about this change.

- [Read](#) the communication (pdf) emailed and mailed to retirees and early out participants
- [Read](#) frequently asked questions that will be updated intermittently based on your questions and feedback
- [Read](#) a user guide (pdf) with:
  - Sample screenshots of what you can expect to see in employeeRES
  - Sample screenshots of the imputed income calculator
- [Visit](#) us at United ServiceAnywhere website to find information about W-2 pass travel and the tax process
  - Search for "W-2 pass travel"
- Still need assistance? Contact the Employee Travel Center:
  - Call: 1-877-UAL-ESC9 (from the U.S.) or 1-847-UAL-ESC9 (outside the U.S.) and select option 3
  - Hours: 7:00 a.m. to 7:00 p.m. Central Time, 7 days a week
  - Email: [etc@united.com](mailto:etc@united.com)

### **Coming soon**

Be sure to check back intermittently as we will continue to add more helpful resources such as:

- Quarterly invoice examples
- A how-to on accessing Your Benefits Resources if you need to view or print an invoice that was misplaced or not received
- An online video tutorial of changes you will see in employeeRES for imputed income, where to find it after you have made your booking, all the way through to receiving your fiscal quarter invoice



Dave Newell  
Golden Eagles Email Liaison/Acting Pass Travel Committee Chairman

davebnewell@gmail.com

*Copyright © 2017 GoldenEagles Retiree Association, All rights reserved.*

Want to change how you receive these emails?  
You can [update your preferences](#) or [unsubscribe from this list](#)

