

## Lump Sum Follow Up Communications

### Employee Email

#### August 26 lump sum payout: Here's what you need to know

Fleet Service, Mechanic & Related and Stores Teams:

With the interim agreement's August 26 lump sum payment right around the corner, we want to be sure you know what to expect and know where to go with any questions.

#### The lump sum

- The majority of TWU-IAM Association-represented Mechanic & Related, Stores and Fleet Service employees will receive a lump sum payment on August 26 (which is 21 days from the date of the agreement, or August 5).
- Included in that lump sum payment is an estimate of the number of the hours you will work over the next 90 days. To calculate that estimate, each full-time employee will be paid based on 40 hours of work per week and each part-time employee will be paid based on 20 hours of work per week. That is the basis.
- The company then multiplied those hours by the difference between your "old" (pre-interim agreement) hourly rate + applicable premiums and your "new" pay rate (based on the interim agreement) + applicable premiums to get the lump sum payment due to you. The company will make sure no one is short any money owed to them. If you should have been paid more than estimated, you'll receive an additional check/direct deposit by early January 2017, as required by the agreement.
- We've also put together a few examples to show you how a lump sum payment was estimated for those at top of scale. We encourage you to review those for both Mechanic & Related [[LINK](#)] and Fleet Service [[LINK](#)] classifications.
- If you are not receiving a lump sum payment on August 26, we'll reach out to you separately with more information on your payment.
- *Questions about your lump sum total? Check in with your supervisor.*

#### Paycheck and taxes

- You'll receive a lump sum payment as a separate paycheck, which will be paid via direct deposit or paper check – however you are paid today.
- These payments loaded in ePays (legacy American) and Paperless Pay (legacy US Airways) on August 23.
- The lump sum payment is taxed at supplemental rates, which for most employees is 25 percent.
- Do keep in mind that if the amount of taxes you pay to the IRS exceeds what is due, you will receive that money back as part of the regular federal income tax process. Likewise, if you owe more taxes than were deducted, you may be responsible for the difference. If you have any questions about the tax implications, we encourage you to reach out to a tax professional.
- *Questions about viewing your paycheck or taxes withheld on your lump sum? Reach out to Payroll Services by [chat](#), [secure email](#) or phone at 800.447.2000 (choose option 6 for Payroll).*

#### 401(k) deferral

- As we shared before, your lump sum payment, or a portion thereof, is eligible for deposit into your 401(k) account. If you made a deferral change and want to revert back to your original deferral percentage for your next normal paycheck on September 2 (or September 9 as applicable), be sure you make those changes at Fidelity beginning August 22 and no later than August 26 at 4 p.m. EDT.
- *Questions about your 401(k) deferral? Contact the American Airlines 401(k) Service Center at Fidelity at (800) 354-3412 or the team at [my401k@aa.com](mailto:my401k@aa.com).*