

Delta's Pension Reform Efforts: Background and Solution

Background

The airline industry remains under considerable financial pressure, with defined-benefit pension plans at several airlines such as United and US Airways being terminated and handed over to the Pension Benefit Guaranty Corporation (PBGC).

One of Delta's primary goals is to protect the benefits our employees have already earned. However, under current law, the pension funding schedules over the next few years would hinder our ongoing efforts to restructure Delta as a viable airline. Should that happen, and the plans get terminated, some of those earned benefits will be at risk.

We must find a better solution, one that will help employees and Delta and allow us to continue transforming our company.

We have a plan and we are working with Congress to get it adopted, but we can't do it without you. ALPA, the Delta Board Council, and several retiree groups are working together with us on this project.

The Solution

Our coalition, which includes Northwest Airlines, has proposed a solution that will be good for our employees, good for Delta, and, ultimately, good for the government and taxpayers. It gives us the flexibility to continue transforming Delta on our own.

We are asking the government to allow airlines to extend the payments into our pension fund using more stable, long-term assumptions. It's like refinancing an Adjustable-Rate Mortgage with a balloon payment to a more predictable Fixed-Rate mortgage. It makes good fiscal sense.

But we can't do it alone. **We need your help now to [contact](#) your representatives** in Congress to urge them to support comprehensive pension reform including a 20-year funding rule for airlines.

Why It Makes Sense

Our solution has advantages for employees, for Delta and for the government. The proposal makes it more likely that we will succeed in our transformation plan. If Delta is successful, then non-pilot employees are more likely to receive the full benefit they earned prior to the freeze. And, the government will benefit because we reduce the risk that the plan liability will be turned over to the PBGC.