



# Righting a Wrong from 2009!

## Why Support S. 3766 / H.R. 6929 The Susan Muffley Act

October 2022

How would Susan Muffley Act Right the Wrong from 2009?

- Restore Delphi Salaried Retirees' uniquely terminated pension plan — Terminated unilaterally due to Auto Team direction
- **No taxpayer dollars** required in House-passed version
- Reverse dangerous public policy precedents, not set one — "Leverage" and "commercial necessity" divided retiree groups
- **Correct Auto Team errors from 2009, affecting 20,000 retirees**
- This bill is a **pension recovery**, it simply restores the pensions earned by the salaried retirees

Background: General Motors

- In 2009, Government formed Auto Team under Treasury
- Pushed General Motors into and through a "quick rinse" bankruptcy
- Used \$50 Billion from TARP to buy 61% of "New GM"
- Negotiated government and private agreements
- "New GM" emerged in just 40 days

Background: Delphi Corporation

- Auto Team needed GM's largest supplier Delphi to exit bankruptcy
- Auto Team plan: **terminate** salaried plans, save hourly plans (Earlier PBGC had negotiated hard for GM to take Delphi plans back)
- **PBGC held liens** to protect salaried plans **exclusively**

Background: Auto Team takes charge

- Auto Team cut a deal with PBGC to drop liens; PBGC cooperated
- PBGC terminated Delphi's pension plans in July 2009
- Decision to terminate made by Auto Team, **not PBGC** — **Contrary to PBGC purposes: ERISA 29USC §1302(a)(1)**  
*"to encourage the continuation and maintenance of voluntary private pension plans for the benefit of their participants"*
- Hourly plans "topped up," but not salaried plans
- Decision made by Auto Team, not GM (*SIGTARP 13-003 pg. 4*)

Auto Team's impact on Delphi salaried retirees

- Lost up to 70% of retirees' **pension** benefits
- Further disadvantaged: PBGC misdirected income from sale of liens
- Income from sale of liens was enough to provide full pension benefits today

<p>S.3766 corrects Auto Team, PBGC errors from 2009</p>	<ul style="list-style-type: none"> <li>● <b>Singled out Salaried retirees</b> for harsh treatment (Deemed too small and too weak to fight back)</li> <li>● <b>Misdirected funding</b> from assets and sale of liens (Assets have grown, income from liens improperly distributed)</li> </ul>									
<p>2008 – 2009: Impact of Great Recession on all pension plans</p>	<ul style="list-style-type: none"> <li>● Largest pension plans in the U.S. showed a significant decline per Milliman “100” Top Survey. Delphi Salaried at 86% on 10/1/2008</li> </ul> <table border="1" data-bbox="532 499 1474 667"> <thead> <tr> <th></th> <th>2007</th> <th>2009</th> </tr> </thead> <tbody> <tr> <td>Funded status</td> <td>+\$100 Billion</td> <td>- \$250 Billion</td> </tr> <tr> <td>Funded ratio</td> <td>125%</td> <td>75%</td> </tr> </tbody> </table>		2007	2009	Funded status	+\$100 Billion	- \$250 Billion	Funded ratio	125%	75%
	2007	2009								
Funded status	+\$100 Billion	- \$250 Billion								
Funded ratio	125%	75%								
<p>Had PBGC NOT terminated Salaried Plan (<i>Terry Group Actuarial Model</i>)</p>	<ul style="list-style-type: none"> <li>● If \$690 million (leverage from liens) had been added to the plan, it would be fully funded as of end of the most recent plan year</li> <li>● Assumes <b>plan continued</b> as free-standing <b>up to today</b></li> <li>● Assumes plan assets <b>earned market returns</b> 2009 through today</li> <li>● For perspective, \$690 million is only 0.3% of the \$250 billion estimated shortfall associated with the largest 100 U.S. pension plans back in 2009</li> </ul> <p>– Prepared by Thomas Terry, CEO, The Terry Group, fully credentialed actuary, past president of the Academy of Actuaries (2014) and the International Actuarial Association (2017)</p>									
<p><b>Conclusion:</b></p>	<ul style="list-style-type: none"> <li>● <b>Had PBGC exercised the leverage they held in the liens, the income was more than enough to fully fund the salaried plan without taxpayer money</b></li> </ul>									
<p><b>PBGC’s own math proves our point!</b></p>	<ul style="list-style-type: none"> <li>● <b><i>"PBGC ultimately received proceeds in excess of \$700 million from the settlements, which was well in excess of the amount needed to satisfy PBGC's Salaried Plan liens."</i></b></li> </ul> <p><a href="https://www.pbgc.gov/wr/large/delphi/delphi-case-history">https://www.pbgc.gov/wr/large/delphi/delphi-case-history</a></p>									

Please support Susan Muffley Act S. 3766 / H.R. 6929

For more information, contact [DSRAFeedback@gmail.com](mailto:DSRAFeedback@gmail.com)