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United States Senate

WASHINGTON, DC 20510

September 14, 2009

Mr. John Phipps
2842 Warrington Close
Tucker, Georgia 30084

Dear Mr. Phipps:

Thank you for contacting me about the termination Delphi's defined benefit pension plans, and I apologize for my delayed response.

The problem of underfunding in defined benefit plans has concerned me for some time. In 2006, I coauthored the first sweeping pension reform legislation in a generation. Titled the Pension Preservation Act of 2006, the legislation amended current pension law to protect our nation's workforce while imposing the smallest burden on our nation's employers who voluntarily provide pension plans to their employees. Our goals included requiring employers and unions to fully fund pension plans within seven years, ensuring the viability of the Pension Benefit Guaranty Corporation (PBGC), allowing for professional, high-quality investment advice for workers, mandating increased disclosure about the health of pension plans, and preventing taxpayers from being forced to pay down the road for broken pension promises.

This past December, Congress revisited the problem of underfunded pensions, allowing sponsors more time to meet the aggressive funding targets enacted in 2006. I supported this legislation in the hopes that pension promises to employees would be kept despite the difficult economic environment.

Despite these efforts, some plans remain so critically underfunded that termination is the only possible outcome. In these cases, administration of the plan is turned over to the PBGC. For 2009, the maximum guaranteed amount is \$54,000 per year for workers who begin receiving payments from PBGC at age 65.

It is my understanding that on July 30, 2009, U.S. Bankruptcy Judge Robert Drain allowed Delphi to abandon the company's pension obligations and forced the PBGC to assume the plans. The Delphi Hourly Pension Plan covers 47,000 participants and has about \$3.7 billion in assets and more than \$8 billion in liabilities. The Delphi Salaried Pension Plan covers about 20,000 workers and retirees, and has \$2.4 billion in assets and liabilities of \$5 billion, according to PBGC estimates.

I am also aware of the disparity in the treatment of participants in these two plans. General Motors Corporation, in cooperation with the Obama Administration and the United Auto Workers UAW, will "top-up" pension benefits for only certain limited groups of hourly employees and retirees, mostly UAW members. Thousands of Delphi retirees, both hourly and salaried, will receive no such compensation.

While there is no pending Senate legislation on this issue at this time, I will continue to follow this matter closely. Should legislation come before me, I will keep your thoughts in mind.

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Thank you again for contacting me. Please visit my webpage at <http://isakson.senate.gov/> for more information on the issues important to you and to sign up for my e-newsletter.

Sincerely,

A handwritten signature in black ink, appearing to read "Johnny Isakson", with a long horizontal line extending to the right.

Johnny Isakson
United States Senator