

From: Senator Lugar *[address deleted]*  
Sent: Thursday, June 09, 2011 4:14 PM  
To: Gerhart, F. Hank *[address deleted]*  
Subject: Responding to your message

Dear Mr. Gerhart: Thank you for contacting me regarding the continued challenges facing Delphi Corporation salaried retirees. I appreciate hearing from you again. I understand the frustration and anger Delphi salaried retirees feel as a result of actions taken against their retirement benefits.

During this company's bankruptcy restructuring, health benefits were terminated, followed shortly thereafter in the summer of 2009 by the Pension Benefit Guaranty Corporation's (PBGC's) takeover of the salaried retiree pension plan. Under the PBGC, pension payments have been reduced significantly, putting a financial strain on many retirees.

Since this situation arose, I have shared concerns expressed to me by retirees living in Indiana directly with the U.S. Treasury Department. My office has also been in contact with relevant committees of jurisdiction here in the Senate regarding congressional oversight hearings and inquiries into the Delphi bankruptcy and the Obama Administration's possible involvement in decisions surrounding the differing outcomes between union and non-union retirees.

In addition, my staff remains in contact with national and Indiana-based representatives of the Delphi Salaried Retirees Association. Those interactions have provided valuable updates on legal challenges in court regarding the actions various parties (Delphi, GM, the U.S. Treasury Department, and the PBGC) have undertaken with respect to Delphi retiree benefits. I continue to monitor developments related to this case, and I will have your thoughts in mind as Congress continues its important oversight over the Administration's actions related to this matter.

In addition, many Delphi salaried retirees have also contacted me to share support for extending the Health Coverage Tax Credit (HCTC) subsidy. I support a number of temporary modifications that were made to the HCTC in 2009. To date, while there remains support for these programs on both sides of the political aisle, consensus on when and how to move forward with a continuation package has been elusive. However, I will continue to work with my colleagues in the Senate on this issue.

On December 9, 2010, I wrote to Senate leadership and leadership of the Senate Finance Committee to strongly encourage "inclusion of language addressing expiring elements of Trade Adjustment Assistance (TAA) programs and the Health Coverage Tax Credit (HCTC) in legislation intended for floor consideration." In my letter, I indicated my particular concern that a loss of coverage through voluntary employees' beneficiary associations (VEBAs) could affect Hoosier retirees. The HCTC is a federal tax credit that traditionally covers 65 percent of the cost of qualified health plans for those who are eligible for the credit, namely those receiving TAA and Pension Benefit Guarantee Corporation payees. This 65 percent rate was temporarily increased to an 80 percent rate by last year's stimulus bill, but only through December 31, 2010. The stimulus bill also included provisions making the HCTC applicable to coverage provided by a Voluntary Employee Benefit Associations through the close of 2010. Those expiring

provisions were extended, on a short-term basis, through February 13, 2010. I recognize the substantial financial relief the HCTC can provide to unemployed and retired Americans struggling to make ends meet.

Accordingly, I am hopeful that Senate leadership will move forward with a debate on a number of recently expired provisions, including the HCTC, in a timely manner so that Senators have the opportunity to consider a longer-term extension of these policies. It will likewise be important to take into account the costs of additional assistance provisions and potential offsets that may be applied so as not to add to the deficit. Thank you, again, for contacting me.

Sincerely,

Richard G. Lugar