



Pension Benefit Guaranty Corporation

1200 K Street, N.W., Washington D.C. 20005-4026

September 4, 2020

The Honorable Tim Ryan
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Ryan:

Thank you for your January 16, 2020 letter, and your April 13, 2020 co-signed letter, to President Donald J. Trump regarding the Delphi Retirement Program for Salaried Employees (Salaried Plan). In your letters, you ask the President for assistance in restoring the pensions of the workers who participated in the Salaried Plan (Plan #20637000). The White House asked the Pension Benefit Guaranty Corporation (PBGC) to respond to your letters.

The Delphi Salaried Plan is an unfortunate illustration of the risk of loss to workers, retirees, and the federal pension insurance program when pension plans sponsored by bankrupt companies are significantly underfunded.

Delphi Corporation entered bankruptcy in 2005 and failed to meet the minimum funding requirements for its pension plans, including the Salaried Plan, during its four-year long bankruptcy. Ultimately, Delphi was unable to reorganize and emerge from bankruptcy. In July 2009, Delphi sold all of its operating assets, both foreign and domestic, and the company liquidated and no longer exists. A new company was created at the conclusion of the bankruptcy by Delphi's creditors, which purchased some of the company's assets but did not assume any of Delphi's six pension plans.

Because the Salaried Plan and the five other Delphi pension plans were left behind in the liquidation of Delphi, they faced imminent abandonment; PBGC had no alternative but to become responsible for all six Delphi pension plans. When the Salaried Plan terminated and was transferred to PBGC in July 2009, the plan was 56 percent funded, with assets of \$2.5 billion and liabilities of \$4.5 billion.

Since that time, PBGC has paid Delphi Salaried Plan participants, as well as the participants in each of Delphi's other five terminated plans, all the benefits to which they are entitled under the federal law that created the pension insurance system, the *Employee Retirement Income Security Act of 1974*. By law, PBGC treats all the participants in each of Delphi's terminated plans the same. PBGC cannot distinguish between participants based on outside factors such as the collective bargaining status of certain employees. Additionally, PBGC cannot pay more than the law permits.

On September 1, 2020, a three-judge panel of United States Court of Appeals for the Sixth Circuit ruled in PBGC's favor in the lawsuit involving PBGC and the Delphi Salaried Retirees Association (DSRA)—in which DSRA challenged the termination of the Salaried Plan. According to the panel, “the retirees have not raised any argument warranting reversal” of a previous federal District Court ruling in PBGC's favor. Because it remains unclear whether DSRA will seek review by the *en banc* Sixth Circuit or the Supreme Court, PBGC cannot comment further on the ultimate outcome of the litigation.

We hope this information is useful to you.

Sincerely,



Gail Sevin
Manager
Legislative Affairs Division

cc: The Honorable William P. Barr
The Honorable Steven Mnuchin