

US Congress Staff Nix Airline Pilot Pension Boost - Aide

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WASHINGTON (Dow Jones)--U.S. congressional staff have agreed to drop a provision from a sweeping pension reform bill that would have increased guaranteed pension benefits for airline pilots, according to a Republican aide involved in the discussions.

A spokeswoman for the chief sponsor of the provision said she didn't think any decision had been made. "We are still hopeful," said Donalyn Dela Cruz, spokeswoman for Sen. Daniel Akaka, D-Hawaii.

The provision would increase for airline pilots the maximum pension payment to be made by the Pension Benefit Guaranty Corp. The change by some estimates would raise pilot pension benefits by more than \$2.5 billion over the next decade.

Negotiations on the broader pension bill have been ongoing since March. Any staff decision on the issue could still be reversed, but congressional staff and some lobbyists cited the high price tag in predicting that it would be dropped from the pension bill at some point.

As drafted, the proposal would boost pension payments to pilots for Eastern Airlines Inc., Pan Am World Airways Inc., Markair Inc., Trans World Airlines Inc., Aloha Airlines Inc., Airlift International Inc., Air Florida Systems Inc., US Airways Inc. and UAL Corp.'s United Air Lines Inc.

All have had pension plans taken over by the PBGC, and some of these airlines, such as Eastern, Pan Am and Air Florida, no longer exist. TWA was acquired by AMR Corp.'s America Airlines in 2001.

Pilots for Delta Air Lines Inc. could also benefit if the PBGC took over its pilot pension plan. Delta, which is currently under bankruptcy protection, is seeking a PBGC takeover of its pilots pension plan.

The proposal was added by the Senate during its debate of the broader pension reform bill. The amendment, offered by Sen. Akaka, was adopted by a 58-to-41 vote.

Most commercial pilots are forced by Federal Aviation Administration rules to retire at age 60. The proposal would allow them to claim guaranteed benefits from the PBGC as if they had retired at age 65.

The maximum pension benefit paid by PBGC declines the earlier the beneficiary retires. For example, for a PBGC-guaranteed pension plan terminated in 2006, the maximum benefit PBGC would pay would be \$3,972 a month for a worker who retired at 65. But that maximum benefit would be just \$2,582 per month for a worker who retired at 60.