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Delta pilots get pension boost

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The news has been getting better for Delta Air Lines' retired and active pilots.

A pension agency told the Atlanta carriers' current and former pilots Monday that, starting in November, about 3,300 will be getting somewhat bigger monthly pension checks than previously estimated.

The Pension Benefit Guaranty Corp., a quasi-government agency that insures workers' traditional pensions up to certain limits, said it expects to cover a greater share of the pilots' pension benefits because it also received more valuable stock and other assets than expected as part of Delta's bankruptcy reorganization. The agency pays pensions above its guaranteed limits when it recovers enough assets to do so.

The PBGC received a \$225 million IOU and a \$2.2 billion unsecured claim as part of a settlement for taking over Delta's pension plan last year, which was underfunded by \$3 billion at the time. Those claims were converted into Delta stock when the airline emerged from bankruptcy in April. The PBGC now has about 50 million Delta shares worth about \$800 million, and expects to receive more as remaining disputes in the bankruptcy case are settled.

Many retirees will see a "significant increase in benefits" as a result of the additional money coming into the plan, Joan Weiss, chief valuation actuary for the PBGC, told about 120 Delta pilots and retirees Monday.

In one example provided by the agency, a 58-year-old Delta pilot who retires at age 60, the mandatory retirement age for pilots, will likely get about \$4,000 a month — almost twice the agency's guaranteed benefit for such a retiree.

PBGC officials are meeting with Delta's current and former pilots Monday and Tuesday to explain how the agency will determine their pension benefits. The agency plans to hold three more sessions at 7 p.m. Monday and 10 a.m. and 7 p.m.

Tuesday at the Georgia International Convention Center in College Park.

Herm George, of Greer, S.C., said he was pleased with what he heard Monday after driving three hours to attend a PBGC session Monday morning.

The 69-year-old former Delta captain estimated that his monthly checks will rise roughly 10 percent. He said his pension checks were cut in half in 2006, like those of thousands of other retired pilots whose monthly pensions were reduced after the PBGC takeover.

"Like I told my wife, we got all the bad news first, and now piece by piece some of it's coming back," said George, who retired a decade ago.

Like most pilots who retired before Delta filed bankruptcy, George was able to cash out half of the value of his pension as a lump sum. Under recent contracts, those lump sums often topped \$1 million.

Delta foreclosed that option when the pilots' pension plan was terminated in the fall of 2006, a year after it filed Chapter 11. The PBGC took over the pension plan, which covers about 13,300 active and retired Delta pilots, assuming \$4.7 billion in liabilities for the plan. The pension plan had only \$1.7 billion in assets at the time, the agency estimated.

Delta argued at the time that it had to terminate the pilots' pension plan because the lump sum feature, which had been suspended, could again drain the plan in the future.

Because the PBGC only guarantees pension incomes up to certain limits that were well below what Delta promised to its retiring pilots, the agency's share of the \$3 billion was smaller — about \$920 million. The rest of the shortage fell on the pilots.

The agency said Delta's pilots saw an average reduction in pension benefits of \$1,136 per month.

Delta's other pension plan covering most employees also is underfunded. But the carrier has kept that plan in force after Congress passed legislation last year allowing some airlines to stretch out their pension funding obligations.