

The Lost Retirement Savings Act Update on HR 4061 and S 2505

As mentioned in the Chairman's Update of January 27th, there are bills in committee in both houses of Congress that may be beneficial to many of our retired pilots.

The bills are [HR 4061](#) and [S 2505](#).

S 2505 was sponsored by Senator Maria Cantwell (D-WA). There are currently no co-sponsors. The bill is currently in the Senate Finance Committee, chaired by Senator Max Baucus (D-MT).

HR 4061 was sponsored by Representative John Lewis (D-GA) and the following co-sponsors. The bill is currently in the House Ways and Means Committee, chaired by Representative Charles Rangel (D-NY).

California	Gerald McNERney (D 11 th), Tom Lantos (D 12 th), Devin Nunes (R 21 st)
Colorado	Mark Udall (D 2 nd)
Georgia	Lynn Westmoreland (R 3 rd), John Lewis (D 5 th), John Linder (R 7 th)
Illinois	Danny Davis (D 7 th)
Kentucky	Ron Lewis (R 2 nd)
Maryland	Chris Van Hollen (D 8 th)
Michigan	Vernon Ehlers (R 3 rd), Dave Camp (R 4 th), Thaddeus McCotter (R 11 th)
Minnesota	Jim Ramstad (R 3 rd)
Nevada	Shelley Barkley (D 1 st)
New York	Joseph Crowley (D 7 th)
Pennsylvania	Patrick Murphy (D 8 th)
Texas	Al Green (D 9 th), Ron Paul (R 14 th)
Washington	Rick Larsen (D 2 nd)

The bills are virtually identical. Our interpretation of them is that they will allow any airline employee or retiree who has received a settlement such as our Non Qualified claim from a carrier that has entered bankruptcy since September 11, 2001 to roll all or part of that settlement into a tax deferred IRA.

We are still exploring whether the Medical Settlement will be eligible for tax deferral under this legislation.

It appears these bills would provide flexibility in financial and tax planning for many of the retired pilots. We recommend that you consult your tax attorney or accountant to assess the effect on your personal situation.

Currently, these bills are languishing in their respective committees. Their progress may be followed at these links:

HR 4061--- <http://www.govtrack.us/congress/committee.xpd?id=HSWM>

S 2505---- <http://www.govtrack.us/congress/bill.xpd?bill=s110-2505>

We believe these bills will benefit the retired pilots and we encourage you to contact your Senators and Representatives and ask them to support these bills and help get them out of committee and passed. Additionally, if you live in the district or state of the congressman that sponsored or cosponsored the legislation, please write and thank them.

Below are some sample email letters that you are free to edit and use.

You can contact your Senators at:

http://www.senate.gov/general/contact_information/senators_cfm.cfm

You can contact your Representatives at:

<https://forms.house.gov/wyr/welcome.shtml>

Letter 1 – Thanks for support

Dear Senator Cantwell,

I am a retired Delta pilot. I am writing to thank you for your support of S2505, the Lost Retirement Savings Act.

As you know, the Delta bankruptcy lump sum settlements for lost pensions are only a fraction of the present value of the monthly benefits they replaced, benefits which would have been paid as monthly annuities. Receiving the settlements in lump sum form causes an immediate tax liability far greater than that which would have been due on the monthly stream of payments. This is a windfall to the government and a further hardship to airline employees who have suffered disproportionately in the aftermath of 9/11. The legislation provides a fair and equitable means to spread those tax payments over our retirement years at tax rates which would have originally applied.

Again, I thank you for your tireless efforts to support the retirees and employees of Delta Air Lines.

**Captain Delta Pilot
Atlanta, GA**

Letter 2 – Ask for support of House Bill

Dear Representative _____,

I am writing to encourage your support for HR 4061, The Lost Retirement Savings Act. This bill is currently in the House Ways and Means committee.

This bill allows airline employees (victims of any of the post 9/11 airline bankruptcies) who have received a lump sum settlement in lieu of earned benefits to roll all or part of that lump sum into an IRA.

These lump sums are only a small fraction of the benefits they replace and originally would have been paid as an annuity. This bill is a fair and equitable way of allowing this group of people, who have been so negatively affected by the aftermath of 9/11, to pay their taxes in a manner similar to the way they would have, had they received their benefit as earned.

Thank you for your help.

**Captain Jet Pilot
Miami, FL**

Letter 3 – Ask for support of Senate Bill

Dear Senator _____:

I am a retired Delta Air Lines pilot writing to ask for your support and co-sponsorship of S 2505. (The Lost Retirement Savings Act.)

Like thousands of my fellow retired airline employees, my defined benefit pension plan was terminated during Delta's recent bankruptcy reorganization. Following the loss of our pensions the company awarded bankruptcy claims to retired pilots to partially compensate us for our lost lifetime pension benefits. These one time payments were made in the form of a lump sum, rather than the lifetime annuities we had earned.

These lump sum payments place us in the highest tax bracket for 2007 rather than the lower tax obligations we would have paid on our lifetime annuities. This is a windfall for the government at the expense of the retirees who have already suffered by receiving only a small portion of their earned retirement benefits.

The passage of S2505 would allow retired airline employees the option to place their bankruptcy settlements into a tax deferred IRA and then receive the proceeds over a number of years and pay normal taxes on the money as it is received by the individual.

S2505 represents a fair and equitable solution for the retirees and the US government.

Sincerely,

Capt. Jet Jock