



## **Northwest Airlines/ Delta Air Lines Pension Talking Points**

### **Delta and Northwest Have Drastically Underfunded Pension Plans**

Between Delta and Northwest, the combined airline would have four frozen pension plans, with over \$10 billion in outstanding liabilities. These plans cover approximately 161,000 current and retired employees who could stand to lose billions in benefits if these plans were turned over to the Pension Benefit Guaranty Corporation (PBGC). These plans were frozen during the carriers' bankruptcy proceedings and have a total of \$5.7 billion, meaning that on a combined basis, these frozen plans are barely 65% funded. If the combined airline fails, these \$10 billion in liabilities would be forced onto the PBGC.

### **Delta and Northwest Lobbied Hard for PPA Provisions**

Both Delta and Northwest lobbied aggressively for special provisions in the Pension Protection Act that enabled them to stretch out their funding requirements for their frozen pension plans. Despite these provisions, their pension plans still remain grossly underfunded.

### **Delta Has Already Terminated One of Its Pension Plans**

Delta Air Lines already has a proven track record of pension termination. During its bankruptcy, Delta terminated its pilot pension plan, dumping nearly \$5 billion in liabilities on the PBGC. This plan caused benefits to be reduced by as much as 50% for the 13,000 participants in the plan. The plan was underfunded by \$3 billion at termination.

### **Over 12,000 Northwest Employees Stand to Lose Future Pensions**

Following Northwest's bankruptcy, the 12,000 Northwest employees represented by the International Association of Machinists (IAM) were able to transition into a fully-funded, multi-employer pension plan, the IAM National Pension Plan. These workers are now the only employees at Northwest with an active defined benefit pension plan. These employees stand to lose their future pension credit if Delta and Northwest merge and they no longer have a union contract protecting their benefits.

### **Retiree Health Benefits Could be Affected**

The tens of thousands of union members at Northwest have iron-clad language in their contracts spelling out the medical benefits they are entitled to upon retirement, and the portion of the premiums they are required to pay. Delta has arbitrarily increased premiums and slashed benefits for its retirees on several occasions. Northwest retirees could find themselves in a similar situation if Delta takes over their benefits.