News • U.S. House of Representatives

EDUCATION & LABOR COMMITTEE
Congressman George Miller, Chairman

Wednesday, May 02, 2007
Press Office, 202-226-0853

Chairman Miller Introduces Bill to End Unfair Cuts to Airline Pilots' Pension Benefits

WASHINGTON, D.C. – U.S. Rep. George Miller (D-CA) today introduced legislation to end an unfair inconsistency in federal regulations that can lead to deep cuts in commercial airline pilots' pension benefits.

When an employer terminates its employee pension plans, control of the terminated plans is assumed by the Pension Benefit Guaranty Corporation, the federal pension insurer. In general, the PBGC pays promised pension benefits to retirees up to a maximum of $49,500 per year (for plans terminating in 2007). However, the PBGC reduces benefits for workers who retire before the age of 65. This results in deep benefit cuts for airline pilots, who are required by Federal Aviation Administration rules to retire at age 60. Because of this unfair inconsistency, the maximum benefit that pilots can receive from the PBGC at age 60 is just $32,175 for plans terminating in 2007.

"The federal government is responsible for trapping pilots in this double-bind. The PBGC and the FAA are both federal agencies, but because their rules don't align, pilots are forced to pay the price," said Miller, chairman of the House Education and Labor Committee. "Pilots earn every dime of their pension benefits and they don't choose to retire at age 60. The time to fix this problem is now."

Miller's legislation, the Pilots Equitable Treatment Act, would require the PBGC to treat age 60 as the normal retirement age for pilots – not as an early retirement age. Pilots would receive the maximum PBGC benefit for which they would be eligible if they were permitted to work until age 65.

In 2005, as United Airlines was terminating its employee pension plans, Miller held an online forum for United workers. Hundreds of United Airlines employees participated in the forum, writing that their benefits would be slashed after the company defaulted on its promises and cancelled its pension. Recently retired pilots said they would lose a significant amount of their pension benefits.

Wesley Fetzer, a retired United pilot, wrote that "[u]nder the PBGC's guidelines I will be penalized over 50 percent because I did not work until 65. However the FAA will not allow me to fly past the age of 60…How fair is that!"

Many pilots already experience deep benefit cuts when their pension plans are terminated because of PBGC's maximum benefit of $49,500.

http://edlabor.house.gov