II

114TH CONGRESS
2D SESSION

S. 3275

To increase the maximum guaranteed benefits with respect to certain participants of a pilots' pension plan.

IN THE SENATE OF THE UNITED STATES

JULY 14, 2016

Mr. KIRK introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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A BILL

To increase the maximum guaranteed benefits with respect to certain participants of a pilots' pension plan.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Pilot Pension Relief Act of 2016''.

SEC. 2. FINDINGS.

Congress finds as follows:

(1) The Pension Benefit Guaranty Corporation considers normal retirement age to be 65, and applies a penalty, much like early withdrawal of Social

Security benefit payments under title II of the Social Security Act (42 U.S.C. 401 et seq.), to anyone receiving benefits before age 65. Prior to December 2007, pilots were required by law to retire at age 60. Notwithstanding this, and the apparent conflict between laws, the Pension Benefit Guaranty Corporation still reduced the benefits to all pilots forced to retire at age 60.

(2) Another limit on the guarantee of the Pension Benefit Guaranty Corporation is the phase-in limit, which provides that the guarantee of a benefit increase is phased in over 5 years from the later of the adoption of, or effective date of, the increase under a pension plan.

(3) The Pension Benefit Guaranty Corporation terminated the United Airlines, Inc., pilots' pension plan several months earlier than the Air Line Pilots Association recommended, in order to minimize the Corporation's obligations to pilots covered by such a pension plan.

(4) The average retired United Airlines, Inc., pilot is receiving less than 50 percent of vested benefits under the pilots' pension plan.

(5) Retired United Airlines, Inc., pilots met annual contribution limitations under the Employee

Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), by virtue of their required investment in their company-sponsored pension plan. Accordingly, the pilots were precluded from investing in any other retirement programs, such as IRAs or Roth IRAs and could not invest in a backup plan or safety net for themselves.

SEC. 3. ADJUSTMENT TO THE PBGC MAXIMUM GUARANTEED BENEFIT.

(a) MAXIMUM GUARANTEED BENEFIT.—In applying title IV of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1301 et seq.), to the pilots' pension plan described in subsection (b) during the period beginning on the date of enactment of this Act and ending on the date that is 2 years after such date of enactment—

(1) the monthly benefits guaranteed under section 4022 of such Act (29 U.S.C. 1322), shall be calculated under subsection (b)(3)(B) of such section as though the plan termination date were the date of enactment of this Act rather than December 30, 2004;

(2) the maximum guaranteed benefit under section 4022 and 4022B of such Act (29 U.S.C. 1322, 1322b), shall be the maximum such amount that would be available if the plan termination date were

the date of enactment of this Act rather than December 30, 2004; and

(3) in applying sections 4022(b)(3) and 4022B(a) of such Act (29 U.S.C. 1322(b)(3), 1322b(a)), with respect to plan participants who retired from the service connected to the pilots' pension plan prior to December 1, 2007, the term ''commencing at age 60'' shall be substituted for the term ''commencing at age 65''.

(b) APPLICABLE PLAN.—For purposes of this section, the term ''pilots' pension plan'' means the pilot's pension plan that was sponsored by United Airlines, Inc., and which was terminated under section 4048 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1348), on December 30, 2004.

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