



# NEWS RELEASE

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## Does the United Airline Pension Plans' Termination Increase the PBGC Deficit?

### *There is Little Impact Actuaries' Fact Sheet Explains*

(May 12, 2005 – Washington, D.C.) A fact sheet released today by the American Academy of Actuaries explains how the termination of United Airlines' (UAL) pension plans as part of its bankruptcy proceedings will impact the Pension Benefit Guaranty Corporation (PBGC), the federal agency that insures defined benefit pension plans. Contrary to some reports in the media, the termination of UAL's pension plans will likely not increase the PBGC's projected deficit, and may even help to reduce it.

"The PBGC already included United Airlines' pension plans as a 'probable termination' in its 2004 annual report. That means the termination of the plans will have no appreciable impact on the PBGC's deficit," said **Ron Gebhardtshauer, senior pension fellow at the American Academy of Actuaries**. "In fact, the \$1.5 billion in securities the PBGC may receive as part of the termination agreement could help to reduce the PBGC's deficit."

According to the PBGC's 2004 annual report, it had a \$23.3 billion deficit, which included \$16.9 billion for probable terminations. "The PBGC had the foresight to include the liabilities it has assumed from United Airlines' pension plans in its deficit projections," said Gebhardtshauer.

The Academy has proposed a series of legislative and regulatory reforms to strengthen the defined benefit pension system. To arrange an interview with Ron Gebhardtshauer on the termination of the UAL pension plans, or on pension reform issues, contact Tracey Young at 202-785-7872. For further information go to the Academy website at [www.actuary.org](http://www.actuary.org).

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The American Academy of Actuaries is the nonpartisan public policy organization for the U.S. actuarial profession. The Academy provides independent analysis to elected officials and regulators, maintains professional standards for all actuaries, and communicates the value of actuarial work to the media and the public.

Attachment: PBGC and United Airlines Fact Sheet