

MYTH VS. FACT: DELPHI PENSION BAILOUT

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JULY 13, 2026



Topline: President Trump asked Congress to provide \$1 billion for a special-interest bailout of 5,700 of the highest-income Delphi employees—many of whom may already receive six-figure annual retirement incomes. This would set an unjust and costly precedent at taxpayers' expense.

Background: Numerous false and misleading claims have been made regarding the proposed bailout of the uninsured portion of the Delphi salaried employees' pension plan. This *Myth vs. Fact* explainer sets the record straight, based on publicly available [records from the PBGC](#), expert reports submitted in the lawsuit Black, et al. v. Pension Benefit Guaranty Corporation, et al., and the PBGC's responses to confidential requests for technical assistance from congressional offices.

MYTH: The Delphi workers got a raw deal, and this will just make them whole.

FACT: The Delphi salaried workers were treated the same as workers in 5,180 other terminated pensions, and they are already receiving over \$4 billion from the PBGC.

- Delphi salaried employees are part of a single-employer pension plan that is required to pay for pension insurance through the Pension Benefit Guaranty Corporation (PBGC). It is the PBGC's duty to terminate and take trusteeship over single-employer pension plans that have insufficient funds to pay promised benefits.
- Since the PBGC was established in 1974, a total of [5,181 single-employer pension plans](#) have been terminated, or trustee'd by the PBGC, with the PBGC taking over responsibility for paying insured benefits to plan participants.
- The proposed \$1 billion bailout would provide 100 percent of Delphi's uninsured pension benefits and include retroactive payments with 6 percent annual interest for all uninsured benefit reductions back to 2009.
- The PBGC has never exceeded statutory guarantee limits for a terminated single-employer pension plan, and [more than 187,000 individuals](#) have experienced similar pension reductions based on the PBGC's insurance limits.
- **This would be akin to forcing taxpayers to cover the uninsured losses on a \$2 million home that was insured for only \$1.5 million after it was destroyed in a fire—and doing this for just one out of thousands of destroyed homes.**



MYTH: 20,000 Delphi workers have suffered major pension losses.

FACT: The PBGC is already covering 89 percent of Delphi's salaried pension plan benefits, only 5,700 employees experienced any benefit reduction, and most reductions were less than 20 percent.

- According to the PBGC's response to a congressional request for information, PBGC is covering \$4.049 billion (89 percent) of the Delphi salaried pension plan's unfunded pension liabilities and only \$0.481 billion (11 percent) was not covered. (Note: these figures are from the plan's termination in 2009; the nominal amounts in 2026 dollars are higher).
- The PBGC reports that about 5,700 of roughly 20,000 total Delphi salaried pension participants are impacted by reductions while "The remaining 14,300 participants are not impacted by PBGC limitations and are receiving their full plan benefits."
- Among those affected by PBGC insurance limits, about 60 percent experienced reductions of 20 percent or less and fewer than 2 percent (roughly 90 employees) experienced reductions of 50 percent or more of their vested pension benefits. Another group of 375 employees did not have the five years of service required for vesting and thus "lost" small pensions they had not yet earned.
- Most of the benefit reductions applied to high-earning employees with pensions over \$54,000 per year, and smaller losses were experienced by retirees who expected early retirement supplements that were not insured by the PBGC.
- Many Delphi salaried pensioners subject to benefit limits may already be receiving six-figure annual retirement income between the PBGC's maximum \$54,000 benefit and [Social Security's nearly \\$49,000 maximum](#) benefit.

MYTH: This \$1 billion giveaway is a one-time deal, necessary for fairness.

FACT: Delphi's salaried pension plan is just one of 5,181 plans terminated by the PBGC, which also insures about 22,000 ongoing pension plans covering 19.4 million pensioners.

- A bailout for one PBGC-terminated plan would create pressure to bail out any of the [other 5,180 terminated plans](#), or any of the 23,000 ongoing plans that have \$2.9 trillion in total liabilities.
- The 5,700 Delphi workers are not unique; more than [187,000 similarly situated](#) individuals have experienced similar pension reductions when their plans were terminated and trustee by the PBGC.
- Applying the same ratio of the Delphi plan's initial insured PBGC claims to PBGC's estimated cost of covering 100 percent of uninsured benefits, a bailout of all single-employer pensions terminated by the PBGC since 2000 would cost more than \$10 billion and would set the precedent that PBGC will cover \$276 billion in unfunded pension liabilities held by ongoing pension plans.



MYTH: The Delphi pension plan was wrongly terminated.

FACT: The Delphi plan was terminated because the company was bankrupt, its assets were being foreclosed on, and the plan had failed to meet minimum funding standards. Multiple federal courts upheld PBGC's termination decision.

- According to court filings, the PBGC provided multiple justified reasons for terminating Delphi's salaried employees' pension plan, including: failure to make \$528 million in minimum funding requirements from 2006 to 2009; imminent foreclosure of the company's assets; and PBGC's duty to prevent the plan from being abandoned—leaving participants with no plan sponsor to pay benefits—if it was not terminated before Delphi (the plan sponsor) was dissolved.
- The Delphi salaried employees' claim that their plan was well-funded is based on expert testimony calculations that the PBGC's expert witness documented as “inconsistent, based on inappropriate and outdated data and non-compliant with Actuarial Standards of Practice.”
- In a lawsuit challenging the PBGC's termination of the Delphi salaried employees' pension plan, the [U.S. District Court for the Eastern District of Michigan](#) held that the PBGC acted lawfully under ERISA in terminating the plan, the [U.S. Court of Appeals for the Sixth Circuit](#) affirmed, and the [Supreme Court declined](#) to review the case.

Bottomline: Bailouts reward bad behavior. Selective, special-interest bailouts are especially egregious. And it's outrageous to force taxpayers to bail out a small group of especially high-income pensioners even as taxpayers face [22 percent Social Security cuts](#) beginning in 2032 due to the program's impending insolvency. The Delphi salaried employee pensioners are already receiving their insured pension benefits—up to \$54,000 per year—just like the beneficiaries of the other 5,180 pension plans terminated by the PBGC. Congress should refuse this and all other taxpayer bailouts and instead focus on fixing Social Security's shortfalls.

