



*May 25, 2010*

## **Machinists Cite Pensions in Call for Bankruptcy Reform**

In testimony before the House Judiciary Subcommittee on Commercial and Administrative Law, the International Association of Machinists and Aerospace Workers (IAM) called for passage of H.R. 4677; Protecting Employees and Retirees in Business Bankruptcies Act of 2010, to close loopholes in current bankruptcy law that incentivize some corporations to seek Chapter 11 bankruptcy protection.

“While Chapter 11 bankruptcy can provide struggling companies an opportunity to regroup and avoid liquidation, it is increasingly abused as a means to get a leg-up on the competition,” said IAM Transportation General Vice President Robert Roach, Jr. “Company’s are also using bankruptcy as a means to take what they can from employees outside of the normal collective bargaining process, not just what is needed for a corporation to survive.”

Roach cited airlines use of bankruptcy protection to cease funding of defined benefit pension plans for tens of thousands of employees, which ultimately led to termination of those plans by the Pension Benefit Guaranty Corporation (PBGC).

“Companies have also abused current bankruptcy laws to eliminate health insurance for fixed-income retirees, forcing the government to provide benefits that employers promised,” said Roach. “Employees pensions were disuted, but the IAM has been able to provide our members with retirement security through the multi-employer IAM National Pension Plan, whose pensions are portable and do not rely on the health of a single company or industry.”

“Bankruptcy law should be amended to ensure employers engage in good-faith bargaining when seeking contract modifications,” said Roach. “Companies should no longer be able to use the bankruptcy code to eliminate decades of collective bargaining gains when there is no justifiable reason - other than corporate greed.”

GVP Roach’s complete testimony is available at [www.goiam.org/transportation](http://www.goiam.org/transportation).