



NATIONAL RETIREE LEGISLATIVE NETWORK, INC

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February 16, 2009

The Honorable Patrick Leahy, Chairman  
Judiciary Committee  
United States Senate  
433 Russell Senate Office Building  
Washington, DC 20510

Dear Senator Leahy:

As you may be aware, President Barack Obama has stated that corporate bankruptcy laws should be reformed to protect workers and retirees. In a message on the White House website, President Obama promises to put workers (and I hope retirees) "higher on the list of debts that companies cannot shed." This message is posted at: [http://www.whitehouse.gov/agenda/seniors\\_and\\_social\\_security/](http://www.whitehouse.gov/agenda/seniors_and_social_security/). More than 2 million members of the National Retiree Legislative Network would like to know if you will introduce legislation to accomplish the President's stated objective.

Allow me to provide you a real-time case in point why this legislation is urgently needed. On February 5<sup>th</sup> approximately 15,000 Delphi salaried retirees received a surprise notice of an upcoming bankruptcy court hearing on February 24<sup>th</sup> in which Delphi intends to request the court to approve cancellation of all salaried retirees' health care and life insurance benefits. The court has stated that any objections to this request need to be filed by February 17, 2009. A group of Delphi retirees are scrambling to solicit contributions in order to hire an attorney to file objections to Delphi's intentions and request a delay in the date of the bankruptcy court hearing.

While I recognize that bankruptcy reform legislation could not be passed in time to address the predicament that Delphi retirees find themselves in through no fault of their own, legislation to elevate the status of retirees in bankruptcy proceedings should be put on a fast track. What Delphi retirees and other retirees are facing is that they will be denied superior claims status in bankruptcy courts. This should provide ample motivation for your committee to introduce legislation that ensures retirees' benefit payments prior to those made to at-risk vendors and creditors.

Unless the bankruptcy court rules against Delphi's request, all Delphi salaried retirees and their spouses, particularly those who are under age 65 and not yet eligible for Medicare, will suffer the loss of company-subsidized health and prescription drug insurance currently available until they attain Medicare eligibility. In addition, an expense account to help retirees deal with the prior cancellation of previously available Delphi Medigap insurance and the company-sponsored life insurance will be eliminated.

These items will have significant financial impact to retirees and indirectly to the communities where retirees live. These commitments to retirees had essentially been carried over from General Motors when Delphi was created.

Potentially affected retirees will find that all of their careful retirement planning will be negated if the bankruptcy court approves Delphi's plan. Retirees who are years away from Medicare eligibility will be particularly adversely affected. They wonder how they will be able to afford or even qualify for health insurance when many of them or their spouses have pre-existing medical conditions. This huge impact on their retirement savings means many will join the ranks of the uninsured which President Obama and several members of the Senate have pledged to address. Finding a job with health benefits at the age of most of the retirees is not a viable option in today's economic climate. Vendors and shareholders assumed business risks and should be first in the line to absorb Delphi losses.

I have asked Marta Bascom, the NRLN's Executive Director in Washington, to contact your staff to learn whether your Committee will introduce a bill to improve the status of retirees in bankruptcy cases. Marta can be reached 703-863-9611. I hope she will have something positive to report to our members after talking with your staff.

Sincerely,

A handwritten signature in dark ink that reads "Bill Kadereit".

President, National Retiree Legislative Network