

How Pension Debts Ruined General Motors, Stopped the NYC Subways, and Bankrupted San Bernardino



Pension debts are a major financial burden for many companies and governments. In some cases, these debts have led to bankruptcy. This article will explore three examples of how pension debts have had a

devastating impact: General Motors, the New York City Subway system, and the city of San Bernardino, California.



While America Aged: How Pension Debts Ruined General Motors, Stopped the NYC Subways, Bankrupted San Diego, and Loom as the Next Financial Crisis by Roger Lowenstein

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General Motors

General Motors (GM) is one of the largest automobile manufacturers in the world. However, the company has been struggling with pension debts for many years. In 2009, GM filed for bankruptcy, and its pension plans were taken over by the Pension Benefit Guaranty Corporation (PBGC). The PBGC is a federal agency that insures pension plans.

The PBGC has estimated that GM's pension plans are underfunded by \$11 billion. This means that the PBGC will have to pay out more money in benefits than it has in assets. The PBGC is funded by premiums paid by employers. This means that other companies will have to pay higher premiums to cover GM's pension debts.

GM's pension debts have had a significant impact on the company's operations. The company has had to cut costs in other areas in order to make up for the pension shortfall. This has led to layoffs, plant closures, and reduced investment in new products.

New York City Subway

The New York City Subway is one of the largest public transportation systems in the world. However, the system has been struggling with pension debts for many years. In 2017, the Metropolitan Transportation Authority (MTA), which operates the subway system, estimated that its pension plans were underfunded by \$35 billion.

The MTA has been trying to reduce its pension debt by increasing fares and cutting costs. However, these measures have not been enough to make up for the shortfall. The MTA has also been trying to get the state government to provide more funding for the pension plans. However, the state government has been reluctant to do so.

The MTA's pension debts have had a significant impact on the subway system. The system has been forced to defer maintenance and repairs. This has led to delays, breakdowns, and overcrowding. The MTA has also been forced to cut service on some lines.

San Bernardino

San Bernardino is a city in California. In 2012, the city filed for bankruptcy. One of the major factors that led to the bankruptcy was the city's pension debts. San Bernardino had promised its employees generous pension benefits. However, the city did not set aside enough money to pay for these benefits.

As a result, San Bernardino's pension plans were underfunded by \$41 million. The city was unable to make up for the shortfall. This led to a decline in the city's credit rating. The city was also forced to cut services and raise taxes.

San Bernardino's bankruptcy has had a devastating impact on the city. The city has been unable to provide essential services to its residents. The city has also been unable to attract new businesses.

Pension debts are a major financial burden for many companies and governments. In some cases, these debts have led to bankruptcy. The three examples discussed in this article show the devastating impact that pension debts can have.

Companies and governments need to be aware of the risks associated with pension debts. They need to take steps to reduce their pension debt and ensure that they have enough money to pay for promised benefits.



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