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**October 31, 2011**

## Bankruptcy Judge Grants Philadelphia Orchestra Approval for Labor Agreement

After lengthy negotiations, a federal bankruptcy court judge has approved a new labor agreement between the Philadelphia Orchestra Association board and its musicians' union. The agreement will last for four years and comes into effect November 1.

In a written order last Thursday, bankruptcy judge Eric Frank confirmed he would approve the deal. Under the renewed terms of the agreement, the number of musicians will be reduced from 105 to 95 through retirements and attrition and musicians' salaries will be cut by about 15%. At present, the minimum salary for Philadelphia Orchestra musicians is about \$125,000 a year.

There will also be amendments to current pension benefits. Presently, the musicians enjoy a guaranteed monthly benefit upon retirement under a defined benefit plan. This will now be changed to a defined contribution plan which shifts retirement planning and investing to workers but doesn't guarantee a specific amount of money based on years of service. Under the new agreement, the pension change will now go for approval by Pension Benefit Guarantee Corp, a federal agency that insures the pensions of more than 44 million US citizens.

The Philadelphia Orchestra Association board estimates the new agreement will bring about a savings of about \$38 million over the four years.

*<http://tampabankruptcy.pro/blog/>*

The renowned Philadelphia Orchestra became the first major US orchestra to file for Chapter 11 bankruptcy protection in April this year. The 111-year old orchestra has been facing financial difficulties for a long time due to shrinking attendances, an aging audience, fewer donations, high labor costs and the effects of the recession.

Last month, the bankruptcy judge granted the Orchestra approval to terminate its business relationship with Peter Nero and Philly Pops, which was going on for the last 6 years but which the Orchestra claimed was detrimental to its finances.

But the Orchestra is not out of the woods yet. The next step in reorganization will be to renegotiate terms of its rental agreement with the Kimmel Center. The Kimmel Center says the Orchestra owes it about \$1.4 million in unpaid rental.

The developments augur well for the continued running of the Orchestra. Although it is not good enough to meet its initial goal to emerge from bankruptcy by the end of the year, it should be able to do so by early next year.

If you are struggling financially, consider filing for bankruptcy as a means to start afresh. Call us at (813) 200 4133 for a free consultation.