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November \_\_, 2008

The Honorable Charles B. Rangel  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Jim McCrery  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Rangel and Ranking Member McCrery:

As you are aware, the current financial crisis not only impacts workers today but also will have severe, short-term negative effects on the pension plans in which they participate, reducing benefits, undermining retirement security, and, if prompt action is not taken, causing significant job loss and impairing the national economic recovery. The problems stem from a global financial meltdown and were not caused by companies that sponsor defined benefit pension plan or the pension plans they maintain. On behalf of the millions of our employees to whom we provide retirement benefits, the undersigned companies and organizations urge you to consider legislation that would help companies navigate the current economic crisis while minimizing adverse impacts on the defined benefit pension plans they sponsor.

The drop in the value of pension plan assets coupled with the current credit crunch has placed defined benefit plan sponsors in an untenable position. No one who drafted the recently enacted defined benefit plan funding rules anticipated the worst financial crisis since the Great Depression and a once in a hundred years "Credit Tsunami." Yet, at a time when companies desperately need cash to keep their businesses afloat, the new funding rules will also require huge, countercyclical contributions to their pension plans. Consequently, many companies will divert cash needed for current job retention, job creation and needed business investments and instead contribute the cash to their pension plans to fund long-term obligations due many years after the current market conditions return to normal. We do not believe that, in enacting the Pension Protection Act of 2006 ("PPA"), Congress intended companies to be forced to make this kind of decision. Unless the funding rules are modified, they will increase U.S. unemployment and slow our economic recovery.

For example, a Florida company with four defined benefit plans faces an increase in required contributions of more than 2100%, from \$673,000 in 2008 to an estimated \$15,186,000 in 2009. The company's consultant states that in light of this increase, "this client, like many others, may be forced to freeze their plans and may have to eliminate jobs to afford those contributions." Another larger company has estimated that its 3-year contribution for 2008-2010 will increase from \$36 million to \$2.18 billion, an increase of almost 6000%.

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We are in no way advocating an overhaul of the PPA funding changes. Rather, we urge Congress to consider making technical corrections to the PPA that we believe implement Congressional intent, and adopting temporary provisions that deal with the financial crisis facing us today. Such provisions should include permitting full smoothing of unexpected losses, removing restrictions on asset smoothing, allowing sufficient time to transition to the PPA's 100% funded target, providing automatic IRS approval for certain funding elections to keep plans viable, clarifying end-of-year valuations, and permitting fixed interest rates to be used for Code section 415 limit purposes so as to avoid benefit reductions.

Employers who contribute to the more than 1500 multiemployer defined benefit plans (more than 90% of which employ 20 or fewer employees), are also severely affected by the financial crisis. While these plans are subject to a separate set of funding rules, similar temporary relief designed to moderate the effects of the aggressive funding targets contained in the PPA is essential to avert devastating burdens and inevitable job losses arising from massive contribution increases and unavoidable benefit reductions that will be required to comply with those rules.

Thank you in advance for considering our request for critical pension legislation. We and employers generally are extremely concerned about the viability of their defined benefit pension plans during this economic recovery. Please feel free to call on any of us if we can help you or your staff craft or enact legislation that will help our country's economic recovery and avoid unnecessary job loss, while securing sound long-term pension plan funding.

Sincerely,

[signatures]

cc: Members of the House Committee on Ways and Means