November 2, 2011

TO THE MEMBERS OF THE UNITED STATES CONGRESS:

Oppose PBGC's Proposed $16 Billion Tax Increase: It Would Eliminate Jobs, Undercut Retirement Security, and Create an Unprecedented Expansion of Executive Branch Power

Raise Revenue and Save Jobs by Stabilizing the Pension Funding Rules

The undersigned employers and organizations provide retirement benefits to millions of workers. We urge you to protect those workers and their jobs by rejecting the President's proposed 300% increase in Pension Benefit Guaranty Corporation (PBGC) premiums, **which is clearly a tax.**

Plan Sponsors Penalized by $16 Billion or More in New Taxes for Offering Retirement Security – The PBGC proposal is a new corporate tax borne solely by employers who have done the right thing – voluntarily sponsoring pension plans to provide retirement security. The $16 billion or more in new taxes would be assessed **without regard** to the future financial condition of the employers, the underlying retirement plans, or the PBGC. **Characterizing the increase as a "premium" does not change the fact that it is a new corporate tax**.

Eliminates Jobs – The new PBGC tax is targeted at those employers suffering the most in the current economic downturn and it would divert business resources—tens of millions of dollars annually in some cases—away from job retention and creation. In most cases, struggling companies would have their "PBGC premiums" raised by 300%, and every plan sponsor will see its flat-rate premiums increase by almost 100%, no matter how well funded its pension plan.

Justification for Increase is Factually Incorrect – The PBGC's purported justification for its proposal—to avoid a taxpayer bailout of the PBGC—is contradicted by the PBGC's own 2010 public report which states: "[s]ince our obligations are paid out over decades, we have more than sufficient funds to pay for benefits for the foreseeable future." The recent declines in plan funded status are the result of the government holding down interest rates to get the economy restarted. These historically low interest rates, and their effect on plan funding obligations, are exacerbating the cash demands on plan sponsors for ongoing plan funding, and are being cited by the PBGC as justification for an exorbitant tax increase to lower the PBGC "perceived" deficit.

Undercuts Retirement Saving – This new tax would accelerate the exodus from the pension plan system, undermining retirement security and leaving the PBGC without plans to support it. In the long run, this new tax would trigger the demise of the pension system and thereby undercut the PBGC's revenue source by encouraging premium-paying companies to exit the system.

Unprecedented Expansion of Executive Branch Power – The new tax would empower the PBGC to annually assess the financial condition of all pension plan sponsors, including charities, small employers, and private companies. That is an alarming expansion of the Federal government and an unprecedented delegation of Congressional power to the Executive Branch.

<u>Stabilizing the Pension Funding Rules is a Better Way to Reduce the Deficit, and Would Create Jobs</u> – Stabilizing the pension funding rules to prevent volatility would not only save jobs, raise revenue, and reduce the PBGC's deficit, but also strengthen our pension plan system.

Sincerely,

AK Steel Corporation
American Benefits Council
American Electric Power
ArcelorMittal USA
Arch Coal Inc.
Ashland, Inc.
Associated Industries of Massachusetts
Avis Budget Group Inc.
Barnabas Health
BP America
Buck Consultants
Business Roundtable
Commerzbank, US
Committee on Investment of Employee Benefit Assets
ConAgra Foods
Con-way Inc.
Cox Enterprises, Inc.
Chrysler Group LLC
Deere & Company
Delta Air Lines Inc.
Deseret Mutual Benefit Administrators
The Dow Chemical Company
Eaton Corporation
Eastern Connecticut Health Network
Easter Seals
Eastman Chemical Company
Emory Healthcare
The ERISA Industry Committee
The Financial Services Roundtable
Formica Corporation
General Dynamics Corporation
General Motors
The Goodyear Tire & Rubber Company
Hardinge Inc.
IBM Corporation
Indiana Manufacturers Association
International Textile Group
Jewish Home of Rochester
Kellogg Company

King Kullen Grocery Co., Inc.
Lawrence Hospital Center
Lyondell Chemical Company
Martin Memorial Health Systems
MassMutual Financial Group
Michigan Education Association
Mine Safety Appliances Company
Monsanto Company
Motor & Equipment Manufacturers Association
NACCO Industries, Inc
National Association of Manufacturers
National Rural Electric Cooperative Association
National Telecommunications Cooperative Association
Navistar, Inc.
Nestle USA, Inc
Nestle Purina PetCare
Neville Chemical Company
NewPage Corporation
Nissan North America, Inc.
Northeast Pennsylvania Manufacturers & Employers Association
Ormet Corporation
Paul Hastings LLP
Pernod Ricard USA
PPG Industries
Principal Financial Group
Printing Industries of America
Rock-Tenn Company
Rockwell Collins, Inc.
Rollins, Inc.
Ryder System, Inc.
Saint-Gobain Corporation
Savannah River Nuclear Solutions
Sears Holdings
Shands HealthCare
SI Group, Inc.
Society for Human Resource Management
Southern Company
SUPERVALU
Towers Watson
Union Pacific Corporation
United States Steel Corporation
U.S. Chamber of Commerce
Valley National Bank
Weyerhaeuser
Xerox Corporation