

RETIREMENT PLAN COMMUNITY URGES CONFEREES TO INCLUDE EGTRRA
PENSION AND RETIREMENT SAVINGS PERMANENCY IN PENSION REFORM
CONFERENCE REPORT

March 14, 2006

The undersigned organizations, representing the broad spectrum of employer plan sponsors, consumer organizations, financial institutions, small businesses, governments, and retirement plan service providers, commend the House of Representatives for including in HR 2830, the Pension Protection Act of 2005, a provision making the pension and retirement savings provisions in Title VI of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) permanent. The companion Senate legislation, S 1783, the Pension Security and Transparency Act of 2005, does not include this important provision. Many critical retirement savings provisions are in EGTRRA. The Administration's FY 2007 Budget proposal would also make these provisions permanent.

The EGTRRA pension and retirement savings provisions, which will expire at the end of 2010 or earlier unless Congress acts, permit Americans to save more in employer plans and IRAs; ease portability among various plans; and provide significant administrative relief to employers who sponsor plans. In addition, the provisions include targeted measures such as the Saver's Credit, which benefit low-income savers, and catch-up contributions that permit older workers to save more under the plans and IRAs. These changes are the most recent product of an enormously successful partnership among employers, financial institutions, and government that has resulted in a system that permits rank and file workers to share in America's prosperity while building critical retirement income security.

Permanency, as opposed to repeated short term extensions of the EGTRRA pension provisions, is critically important to the millions of Americans that benefit from employer provided and individual retirement account programs. Trillions of dollars are invested in the economy through these programs. Hundreds of millions of dollars more are invested in systems that successfully administer these programs. A stop-start cycle of extensions of the EGTRRA provisions will unnecessarily divert a portion of participants' total savings to retooling these systems in anticipation of expiring provisions. Plan sponsors will confront uncertainty about legal compliance and the future design of their retirement plans. The communications difficulties that would result from intermittent extenders will confuse savers and possibly drain dollars from their accounts. Workers will be more reluctant to join savings programs when faced with confusing plan terms and uncertain contribution limits, and employers will be more reluctant to establish or maintain plans. These deleterious effects will begin long before the actual expiration date of the EGTRRA savings provisions. Any delay will increase the cost of enacting EGTRRA permanency.

We urge the conferees to ensure that both the pension reform conference report and the final pension reform bill retain this important provision. The time to act is now.

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AMERICAN BENEFITS COUNCIL
AMERICAN COUNCIL ON EDUCATION (ACE)
AMERICAN COUNCIL OF LIFE INSURERS
AMERICAN FOREST & PAPER ASSOCIATION
AMERICAN HOMEOWNERS GRASSROOTS ALLIANCE
AMERICAN HOMEOWNERS FOUNDATION
AMERICAN SOCIETY OF PENSION PROFESSIONALS & ACTUARIES
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COLLEGE AND UNIVERSITY PROFESSIONAL ASSOCIATION FOR HUMAN RESOURCES (CUPA-HR)

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 EMPLOYERS COUNCIL ON FLEXIBLE COMPENSATION
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 THE ESOP ASSOCIATION
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 NATIONAL ASSOCIATION OF GOVERNMENT DEFINED CONTRIBUTION ADMINISTRATORS
 NATIONAL ASSOCIATION OF MANUFACTURERS
 NATIONAL ASSOCIATION OF STATE RETIREMENT ADMINISTRATORS
 NATIONAL CONFERENCE OF STATE LEGISLATORS
 NATIONAL COUNCIL ON TEACHER RETIREMENT (NCTR)
 NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
 NATIONAL SMALL BUSINESS ASSOCIATION
 NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
 PROFIT SHARING / 401k COUNCIL OF AMERICA
 RETIRESAFE
 SAVINGS COALITION OF AMERICA
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