

Dear Pension Protection Act Conferees:

As you begin to craft the conference report on the *Pension Protection Act* (H.R. 2830), we urge you to include adequate transition to any new funding rules imposed on pension plans.

Both the House and Senate versions of the pension reform legislation involve a complete rewrite of the way America's defined benefit pension plans are funded, replacing basic rules that have been in effect for over 30 years. The major changes contemplated are bound to have significant consequences for workers, employers and the economy. Moreover, because extremely complex changes are being implemented, government regulators will require time to provide necessary guidance and plan sponsors will then need an adequate period to analyze and implement the myriad of changes.

It is imperative that the final legislation give pension plan sponsors time to understand and adjust to the new rules and not drive employers out of the defined benefit system. For example, the construction of a yield curve requires an adequate period for public comment on Treasury methodology and the yield curve should not go into effect until after 2007 (with the rules for 2005 remaining in effect until then). Similarly, implementation of policies involving substantial changes in the employers' funding obligations (such as increasing the targeted level of plan funding to 100 percent or implementing the at-risk rules) should be phased in gradually for all plans over at least a period of five years.

We whole-heartedly support your goal of crafting legislation that will strengthen retirement savings over the long-term. To successfully achieve this goal, we urge you to carefully consider the impact of transition rules. The lack of a sufficient transition to new pension funding rules could require the immediate reallocation of capital in ways that could lead directly to the terminations of pension plans, loss of jobs, economic disruption, and even unnecessary bankruptcies.

We look forward to working with you to complete work on this important legislation and appreciate your leadership on this issue.

Sincerely,

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Phil English