

February 25, 2010

To: NRLN Grassroots Network Members,
From: NRLN President Bill Kadereit

CRITICAL NRLN ACTION ALERT - FOR YOUR IMMEDIATE ACTION!
Protect Pension Assets For Retirees

Big companies and big labor unions are lobbying Congress for temporary relief from Pension Protection Act of 2006 (PPA) pension plan funding requirements due to the steep market slide in 2008 that is still having an impact on pension assets. Many companies contend that borrowing to contribute to their pension plans is out of the question due to tight credit markets.

The NRLN's position is that we would not want to force contributions to pension plans that would cause irreparable harm to the companies, trigger layoffs or result in companies declaring bankruptcy and default on pension plans. However, the NRLN is advocating there should be a quid pro quo—companies receive temporary funding relief and retirees gain the protection of their pension assets from being used for non-pension expenses. The cornerstone of the NRLN's effort to protect pension plan assets is gaining legislation to prevent companies from using plan assets to make severance payments during a corporate restructuring.

It was announced on Tuesday (2/23) that the U.S. Senate would not include pension funding relief in the Senate's jobs-creation bill. However, industry lobbyists said they will continue to try to include the pension funding relief provisions in separate legislation that could possibly be considered later this week.

Our Washington, DC team worked with the staff of North Dakota Representative Earl Pomeroy to get desirable pension protection language in Section 111 of H.R.3936, the Preserve Benefits and Jobs Act of 2009. The bill introduced last October by Representative Pomeroy and Ohio Representative Pat Tiberi is pending in the U.S. House. At the present time, the Senate is only considering pension funding relief for companies with no provision for the protection of pension assets and it is possible that the House will follow suit.

It is critical that our Grassroots Network members immediately send the NRLN's sample letters to their Representative and Senators to tell them they need to include the protection of pension assets in any bill that is passed. Tell them that the widespread practice of so called "back door reversions" being used to circumvent the Congressional policy against reverting pension assets for corporate purposes must be stopped. It simply wouldn't make sense for Congress to authorize a funding hiatus on pension plan contributions without simultaneously closing this "back door."

These "back door reversions" place pension plans at risk to be terminated. It is past time to end this pilfering of defined plan pension assets. These actions threaten the security of pension plans and the potential is great that the Pension Benefits Guaranty Corp. (PBGC) might have to take over the plan in the future. Furthermore, depleted assets reduce the likelihood the plan will ever generate surplus assets that can be used to offset corporate health care costs for retirees or be available for pension Cost of Living Adjustments (COLAs), a benefit that non-government retirees seldom receive.

I urge you to go to <http://capwiz.com/abtr/home/> to access the NRLN Action Alert. Look for the Action Alert headline: PROTECT PENSION ASSETS FOR RETIRES. Click on the "Take Action" button. On the next screen, type in your zip code and click "GO" to identify your Representative and Senators and access the sample letter. Be sure to personalize the letter with your own comments. If you have a problem accessing the Action Alert with the above link, go to www.nrln.org and click on the "Take Action Now" headline at the top of the NRLN website's home page. Send your email today.

It would also help to call the Washington, DC or state office of your Representative and Senators. Use the information in the sample letter to express the importance of protecting pension assets. Phone numbers can be found through the NRLN's Capwiz website at <http://capwiz.com/abtr/dbq/officials/>. The more constituents who write and call their Representative and Senators, the better chance there is for gaining the action we desire.

We need the support of all of our Grassroots Network members and we need you to encourage your friends to sign up as Grassroots Network members at <http://capwiz.com/abtr/mlm/signup/>. Not only do we need you and your friends to email letters to Washington and talk with your members of Congress, we also need your financial support through an individual member contribution of \$25, \$50, \$75 or more. Any amount you can contribute will be appreciated. You may make your check or money order payable to **NRLN, Inc.** and mail it along with the Membership Contribution Form available at: <http://www.nrln.org/printad.htm> . Or, you may make your contribution online with your credit card through PayPal on the NRLN website at <http://www.nrln.org> by clicking on the "Support the NRLN" link on the home page.

Bill Kadereit, President
National Retiree Legislative Network

Sample Letter to Senators:

Dear Senator _____:

When the Senate takes up the requests from companies and unions for pension funding relief, the bill should include a quid pro quo—companies receive temporary funding relief and retirees gain the protection of their pension assets from being used for non-pension expenses. I support the effort by the National Retiree Legislative Network to gain legislation to protect pension plan assets by preventing companies from using plan assets to make severance payments during a corporate restructuring.

To better protect the pensions of retirees and future retirees, I urge you to include in the Senate's pension funding relief bill language similar to the provision that is in Section 111 of H.R. 3936, the Preserve Benefits and Jobs Act of 2009, sponsored by Representatives Earl Pomeroy and Pat Tiberi.

The language in Section 111 relating to a company's ability to amend its pension plan, in part, states: "*No ad hoc amendment to a defined benefit plan which is a single employer plan which has the effect of increasing liabilities of the plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate of which benefits become nonforfeitable may take effect during the plan year if the adjusted funding target attainment percentage for such plan year is— "(I) less than 120 percent, or "(II) would be less than 120 percent taking into account such amendment."*

Actions by companies known as "back door reversions" represent a widespread practice to circumvent the Congressional policy against reverting pension assets for corporate purposes. It simply doesn't make sense for Congress to authorize a funding hiatus without simultaneously closing this "back door."

These "back door reversions" practices place pension plans at risk to be terminated. It is time to end this pilfering of defined plan pension assets. These actions threaten the security of pension plans and the potential is great that the Pension Benefits Guaranty Corp. (PBGC) might have to take over the plan in the future.

Furthermore, depleted assets reduce the likelihood the plan will ever generate surplus assets that can be used to offset corporate health care costs for retirees or be available for pension Cost of Living Adjustments (COLAs), a benefit that non-government retirees seldom receive.

The NRLN has researched and written a whitepaper on how companies are misusing pension plan assets and provides proposed amendments to the Pension Protection Act of 2006 to prevent the abuses. If you would like to receive a copy of the entire whitepaper, please contact Marta Bascom, the NRLN's Executive Director, on (703) 863-9611 or by email at marta.bascom@linkspace.net .

Please don't miss the opportunity of the Senate's deliberations on pension plan funding relief to enhance the financial security of America's retirees by including pension asset protection. Together, funding relief and Section 111 of H.R. 3936 offer a very narrow focused synergy of corporate financial relief and pension asset security without any cost to corporations or taxpayers.

Sincerely,

Sample Letter to Representative:

Dear Representative _____:

When the House takes up the requests from companies and unions for pension funding relief, the bill should include a quid pro quo—companies receive temporary funding relief and retirees gain the protection of their pension assets from being used for non-pension expenses. I support the effort by the National Retiree Legislative Network to gain legislation to protect pension plan assets by preventing companies from using plan assets to make severance payments during a corporate restructuring.

H.R. 3936, the Preserve Benefits and Jobs Act of 2009 is on the right track, It contains an important provision which would help protect the pensions of retirees and future retirees. Section 111 in this bill introduced by Representatives Earl Pomeroy and Pat Tiberi has the proper emphasis on protecting pension plan assets.

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Please don't miss the opportunity on pension funding relief to enhance the financial security of America's retirees by including pension asset protection. Together, funding relief and Section 111 of H.R. 3936 offer a very narrow focused synergy of corporate financial relief and pension asset security without any cost to corporations or taxpayers.

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