



NRLN Focus

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NRLN
NATIONAL RETIREE LEGISLATIVE NETWORK, INC.

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A VIEW FROM WASHINGTON

I'm sure that you have all noticed the increased publicity on issues affecting retirees. Every day it seems major newspapers, TV news shows, or news magazines are depicting the unfair treatment of retirees by their former employers. This is no accident. The NRLN has been working diligently for several years to increase public awareness of retiree issues and bring our views to the attention of Congress. Three years ago we felt lucky to get a request for a press interview about four times a year. Two years ago it was about once a month. Today, it averages three to four requests per week. We don't always get a mention by name, but we are the source of many favorable comments made in the press on retiree issues. More often than not, we are referred to as "retiree advocates."

Ellen Schultz's article in a recent issue of *The Wall Street Journal* used the phrase, "deferred compensation," which is a phrase we have used for some time now in press interviews to describe corporate promises made to employees in lieu of salary and wages. Obviously, people are beginning to understand.



A. J. (Jim) Norby

Another example of how the "word is spreading" is an article by Mortimer B. Zuckerman titled "*The Saving of the Fairies*" that appeared in the May 30 issue of *US News*. The first paragraph reads: "Once upon a time, American workers were protected by three good fairies. 'If you work all your life to build a new America and save when you can,' the fairies promised, 'we three will make your dreams of a secure and happy retirement come true.' One of the fairies guarded personal savings against the ogres of inflation, another kept an eye on the gremlins in employers' pension plans, and the third – the grandest fairy of them all – had a cave full of gold coins piled up by all the workers in a magical scheme called Social Security."

The article goes on to report

how pension plans are in "free fall" and how pension "trusts" are being purposely underfunded. When this happens, a bankruptcy judge often decides how the remaining pension funds will be distributed and how much the federal government and its Pension Benefit Guaranty Corporation (PBGC) will have to assume. To remedy this situation, the author recommends pension support legislation to be immediately addressed by Congress.

The 'perfect storm'

Recently John Kotson, a former NRLN Board member and IBM retiree, wrote an article titled "*Americans Face the Perfect Storm*." In his summary paragraphs he writes, "All the ingredients are in place for the perfect storm, and lifestyles of older Americans are facing a sharp decline. Many will be headed into poverty. Why is there no stomach in Congress to head off this impending crisis? It is because the huge federal budget deficits that have been created preclude fixing the problems that eventually will erode the standard of living for all working Americans. Young Americans should pay attention, because the

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social problems that now affect the elderly will eventually disenfranchise the entire working class. Many corporations are already significantly reducing the benefits for active employees.

“Ask yourself the following questions: Why can the American government provide free health care to all Iraqis, but cannot provide an affordable health care program to its own citizens? Why have corporations been allowed to walk away from promised health care and pension benefits? Why do we have a Medicare Prescription Drug Bill that was written by corporate lobbyists? Why does Congress continue to spend the Social Security surplus on other pet programs? What must we do to convince our government to prioritize the problems of its citizens over those of special interests?”

NRLN has been very busy attempting to do just what John suggests. We have organized a dedicated and motivated staff in Washington to write and lobby on behalf of the legislative ideas that we have adopted. These ideas are outlined in our legislative agenda for 2005, which is discussed in the accompanying article by Bill Kadereit, NRLN Vice President, Legislative Affairs.

In a series of meetings that concluded in mid-June, issues, ideas and proposals dealing with disclosure information, pension funding reform, cash balance plans and health care legislation were presented to relevant committee staff members in Congress. This effort is having a real impact in the form of several congressional bills that incorporate NRLN positions designed to strengthen pension and health

care security for retirees. In a meeting with key members of Sen. Tom Harkin’s (D-Iowa) staff, for example, we were pleasantly surprised and encouraged that nearly all of our ideas and suggestions were enthusiastically endorsed and, hopefully, will be incorporated into new legislation.

In support of these meetings, we have written several formal letters to the senior leaders from both political parties who are involved with pension and health care reform legislation on key congressional committees. Highlights of this letter-writing campaign accompany this column.

This type of work can sometimes be very frustrating. I have concluded that politics is not a very attractive environment in

which to live and work. The impact of lobbyists and special interest groups can be overwhelming and discouraging, but we’re beginning to see success and will continue to make progress as time goes on. It’s a tough fight and a daily trial. As retirees, we seem to be hanging out there by ourselves – no union to protect us, no management contract that we can invoke – we have only the law to rely on, such as it is.

We need each other. We need your grassroots support, your e-mails, your calls, and your letters to Congress. And, finally, we need your continued financial support.

Until next time, good luck and God speed.

NRLN Datelines

July 22 – Letters were sent to members of the Senate Finance Committee chaired by Sen. Chuck Grassley (R-Iowa) outlining provisions that NRLN wants included in S. 219, the National Employee Savings and Trust Equity Guarantee Act. Committee members received follow-up letters a week later congratulating them on creating and approving proposed legislation with meaningful pension reforms. S. 219 requires companies with under funded pension plans to reach 100 percent funding within seven years. It also contains stricter funding requirements for companies with poor credit ratings, as well as provisions that protect older employees in a company’s conversion to cash balance or hybrid pensions.

July 22 – Correspondence also went out to members of the Senate Health Education, Labor and Pension (HELP) Committee chaired by Sen. Michael Enzi (R-Wyo.), who are working on pension reform legislation. The NRLN stated its case for excluding any cash balance provisions that fail to adequately protect the benefit expectations of older workers. Such provisions are currently contained in the House Education and the Workforce Committee legislation (H.R. 2830). HELP Committee members were urged to support S. 1304, the Pension Benefits Protection Act of 2005, which provides minimum protections for older workers, such as giving certain employees a choice at retirement between the old and new plans. This bill also prohibits the practice of “wear-away” where companies can freeze or reduce older employees’ benefits for a period of time.

July 23 – NRLN issued a Capwiz Alert and provided a sample letter for members to send to their senate representatives asking them to support real pension reform that included:

- Stronger requirements to inform workers and retirees about pension plan investment policies.
- Protecting assets in pension plans from corporate deception and raids.
- Calculating pension plan assets and liabilities on a more conservative basis as proposed by the federal Pension Benefit Guaranty Corp. (PBGC).
- Applying the same calculation rules to the PBGC, SEC Form 5500 and IRC Section 420.
- Prohibiting cash balance pension plans that disadvantage older workers.

July 25 – Letters were sent to members of the Senate Commerce Committee chaired by Sen. Ted Stevens (R-Ark.) commending them for their recent action to allow S. 334, the Pharmaceutical Market Access and Drug Safety Act, to be added as an amendment to the legislation reauthorizing the Federal Trade Commission.



AN OVERVIEW OF WHERE NRLN STANDS ON LEGISLATIVE ISSUES

By Bill Kadereit, NRLN Vice President, Legislative Affairs

The removal of pension assets to pay corporate expenses and health care costs, along with a market crash during 2001, has left many plans underfunded and companies unwilling to fund their plans. The result has been termination of plans, lower pension payments and a cry from retirees for pension reform. There is an immediate need for legislation that protects pension assets.

Unfortunately, the attitude among many in Congress and the Executive Branch is that defined benefit plans are welfare plans offered free to retirees by companies that have been too generous. They assert if a company needs cash, retirees are obligated to give back or sacrifice benefits to save a company the embarrassment of having to earn its way back to profitability.

‘Fix your attitudes’

At NRLN, our message to Congress and the Executive Branch, including the White House, is clear: “Fix your attitudes – defined benefits have been earned by retirees, they are not welfare benefits.” Retiree pension and health care protection should be as secure as the protection afforded military veterans who also earned their benefits. Therefore, we also say to them, enact legislation across the board that honors and protects earned benefits in effect on the last day of active employment just as you do for the last day of

active military service. Congress, the executive branch and corporate leaders must restore honor and integrity and operate with a recalibrated moral compass.

Today, the NRLN staff consisting of three Washington, D.C., attorneys, together with our Legislative Affairs team, has set legislative priorities which are briefly described below.

WANTED

Volunteers who would like to serve as NRLN Issue Advocates in their home Congressional Districts. Email NRLN Vice President, Grass Roots Organization, cwilliam@goeaston.net for details.

Pension Reform

House bill H.R. 2830 contains a cash balance provision that is unacceptable and in general it supports corporate dodging of pension funding responsibilities. Senate bill S. 219, which has bipartisan support (Sen. Ted Kennedy, D-Mass., and Sen. John McCain, R-Nev.) includes tough pension funding, reporting, and disclosure requirements and is by far the best pension reform bill for retirees. Currently, it does not have a cash balance component, which we expect will be amended to protect older workers and is deserving of our support.

Cash Balance Pensions

The NRLN supports legislation that does not discriminate against older workers and that

protects benefits earned under defined benefit pension plans. We have lobbied for and support S. 1304 and oppose H.R. 2831, incorporated in H.R. 2830. There is another Senate bill in the making we suspect will be friendly but we won’t know about it until sometime in August. Members of the NRLN staff met with Sen. Tom Harkin’s (D-Iowa) staff in June to request firm protection on these issues. In July we wrote The Senate Health, Education, Labor and Pensions and Finance committee endorsing S. 1304.

Health care protection

H.R. 1322 is the bill we have continued to support from the inception of the NRLN and we will continue to pursue its passage. Introduced again in 2005 by Sen. John Tierney (D.-Mass.) it requires that companies retain and support all health care benefits employees have earned as of the first day of retirement. In addition, the NRLN has formed a membership team that is at work developing proposals and working with other national organizations to establish cost containment, overall health care reform plans, and legislation.

Prescription Drug legislation

NRLN has set goals to amend H.R. 1, the Medicare Prescription Drug Improvement and Modernization Act of 2003, in three specific areas:

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Drug Importation – We support S. 334, a bill that calls for importation/re-importation of prescription drugs from Canada and other countries under terms of specific safety controls.

Competitive bidding – When Congress passed H.R. 1, it did not include provisions for competitive bidding that would keep prices in line. In the absence of legislation that addresses this issue, we are evaluating the feasibility of drafting a bill, or petitioning members of Congress to do it.

Certification of companies eligible for subsidies – Currently, H.R. 1 permits companies to apply for and keep a federal subsidy for making their prescription drug plans available to retirees over 65. However, they can change plans, reducing coverage, and still keep the subsidy. The

NRLN proposes legislation that requires companies to keep their plans whole or forfeit the subsidy. We also oppose the Equal Employment Opportunity Commission (EEOC) rule that enables age discrimination against retirees over age 65. We are evaluating the feasibility of drafting legislation that addresses this issue, or petitioning members of Congress to do it.

Your support in responding to NRLN email requests to send messages to, call and visit with your congressman and senators is vital to our success in gaining votes necessary to pass needed legislation. Taking the time to personalize the message and to make passionate appeals is critical. The NRLN is based on strong grass roots support, and we need your efforts.

National Retiree Legislative Network, Inc.

We seek to secure federal legislation that will guarantee the fair and equitable treatment of retirees in private and public sectors, health and pension programs, and will improve the adequacy of benefits provided by such programs. Also, we are committed to watch for and stop legislation that threatens retiree health and pension programs.

President

A. J. (Jim) Norby - anorbz@aol.com

Vice President/Legislative Affairs

Bill Kadereit - wkhome@att.net

Vice President/Secretary Treasurer

John Leasher - JohnWLeasher@cs.com

Vice President/Grass Roots Organization

C. William Jones - cwilliam@goeaston.net

Board Members

Sandy Anderson - anderso001@aol.com

Joseph R. (Dick) Ciocca - JRCDick@hotmail.com

Robert Foresta - DEARalliance@comcast.net

Mimi M. Hull - Mm5hull@msn.com

Walter Justice - stjamesvt@aol.com

Jack Treece - JTR2420122@aol.com

NRLN Headquarters

1630 Connecticut Avenue, N.W.

7th Floor

Washington, D.C. 20029

Tel: 202-659-0620

Fax: 202-659-0631

www.NRLN.org

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Address Service Requested

Washington, D.C. 20009

7th Floor

1630 Connecticut Avenue, N.W.

National Retiree Legislative Network, Inc.

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