



601 Pennsylvania Avenue, N.W.
Suite 900, South Building
Washington, D.C. 20004-2601
Tel: 202-220-3172 Toll-Free: 1-866-360-7197
Email: contact@nrln.org Website: www.nrln.org

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July 16, 2014

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

You were right to be critical of the U.S. House of Representatives on its passage of the bill for a short term fix for the Highway Trust Fund, but not for your reason that it sets up the same crisis in a few months. The reason you should be critical of the House's action is that \$6.4 billion of the bill's \$10.9 billion is raised by further extending to corporations relief from funding their defined benefit pension plans.

It is the second time in two years that Congress is moving toward giving corporate pension plan sponsors pension funding relief. In 2012 Congress passed what is called "Moving Ahead for Progress in the 21st Century" (MAP 21) as part of the highway transportation bill that provided a five-year relief window. The new House bill extends corporate pension contribution relief passed in MAP 21 for five more years.

MAP 21 has relieved funding obligations for companies that have elected to apply it but it has not ease the pension funding crises; instead it has masked it. MAP 21 relief in its original form and in the new bills is temporary. Unless plans are well funded by company contributions or interest rates rise substantially, we are likely to see weaker plans and continued plan terminations after the expiration of "pension smoothing.

Allowing pension plan sponsors to use unrealistic pension rate calculations will lead to the Pension Benefits Guaranty Corporation having to take over underfunded pension plans and increase the PBGC's deficit and put taxpayers on the hook to bailout the agency.

Mr. President, you, Harry Reid, Nancy Pelosi, Mitch McConnell, John Boehner and practically all of the Democratic and Republican members of Congress are throwing retirees under the bus and exacerbating the income disparity of the middle class. Your administration, along with the House and Senate, is trying to destroy what little is left of retirement income security. Over the years, the Social Security Trust Fund has been raided to pay other government expenses to the point that the ability to pay Social Security benefits in the future is at risk. Many corporations have terminated their pension plans through bankruptcies and de-risking actions. Now our government is placing many of the remaining pension plans in jeopardy by providing the plan sponsors additional funding relief.

(More)

You and your staff have turned a blind eye toward retirees, particularly the over 2.3 million mostly (80%) non – union retirees from nearly 200 U.S. companies that the National Retiree Legislative Network hears from. Your administration is pandering for the votes of the dwindling ranks of those working in unions and advocacy organizations who have significant financial interests in the prescription drug, health care provider and insurance industries.

Consider what has happened to the pensions of General Motors and Delphi retirees and what is happening to other retirees every day you let the opportunity to help them pass. Open your eyes, these are real disparities when compared with your rhetoric. You have to stop the double-talk, purporting to care for the middle-class while dumping the federal government’s financial burdens on middle income non-union retirees.

It is time for you and your administration to demonstrate some positive leadership helpful to America’s retirees. You can begin by telling Congress that it needs to find a way to fund the Highway Trust Fund other than giving corporations additional relief from funding their defined benefit pension plans.

Sincerely,

A handwritten signature in black ink that reads "Bill Kadereit". The signature is written in a cursive, slightly slanted style.

Bill Kadereit, President

National Retiree Legislative Network

Email: president@nrln.org

Phone: 972-722-5928