

January 19, 2010

To: Grassroots Network Members

From: NRLN President Bill Kadereit

Subject: NRLN Challenge in 2010 – Protect Social Security and Medicare

After the dust settles on the national health care debate, we will be challenged to lobby harder than ever to protect Social Security and Medicare benefits. Congress never intended to address Medicare benefits in a meaningful way in health care reform legislation. But the President and some members of Congress have announced that 2010 will be the year when they form task forces and committees to address Medicare and Social Security.

We are making progress on pension asset protection legislation and hope to wage a strong campaign to protect existing health care benefits and not just maintain Medicare benefits but to get catastrophic coverage (out-of-pocket limits) added to Medicare. A summary version of the Top Priorities and the rest of our 2010 Legislative Agenda are shown below.

The NRLN board and retiree association leaders from across the country met in Washington D.C, last week, to set the NRLN 2010 Legislative Agenda for lobbying to protect your income and health care related benefits. They approved our budget and lobbying plans and met with guest speakers from Capitol Hill and federal agencies to discuss what can and must be done to maintain and advance retiree benefits. Topics ranged from pension security to bankruptcy and Medicare. Executives from the Pension Benefit Guarantee Corporation (PBGC), the Department of Labor, and Congressional committees spoke and responded to questions.

Perhaps the best part of our NRLN Annual Leadership Conference was when conferees walked to appointments on the Hill to tell their members of Congress about our Legislative Agenda and what they want Congress to do about it. NRLN members made appointments and met with forty-six different members of Congress and their staffs on January 13.

Leaders from the GM, Chrysler, Kodak, and Lucent Technologies retiree associations met with House and Senate Judiciary staffs and legal counsel and hope to get a hearing scheduled to air the need for corporate bankruptcy law reform. The Delta Pilots, Chrysler and Alcatel Lucent members met with Congressional leaders on PBGC rules reform and grilled our PBGC speakers. Lucent, Qwest, Detroit Edison, and AT&T retiree attendees met on pension security and prescription drug legislation. We all expressed concern over the future of Medicare, Social Security and other issues specific to our retiree associations. Prospective NRLN members, association leaders from John Deere and Raytheon met with seven (7) different members of Congress. We will highlight details of the entire conference in our first 2010 issue of the FOCUS Newsletter. Soon we will invite you and others to another Fly-In lobby day that will take place probably in September.

Be sure to express appreciation to your retiree association presidents and others from your associations who attended last week and do your part by contributing time and money to the NRLN-affiliated retiree associations and the NRLN if you can. They are very serious on your behalf and unlike other larger U.S. organizations that claim to be friends of the retiree, they actually work hard to support just you. They don't have to be doing this, please support them.

Most of all, sign up your friends and neighbors, send us email distribution lists and work hard to help us grow a strong grassroots network in your hometown. Tip O'Neil, a deceased Speaker of the House once said "all politics is local". That is so true, meet with your hometown members of Congress and ask them what they are doing to support your retiree agenda.

Bill Kadereit
President, National Retiree Legislative Network



Summary of NRLN 2010 Legislative Agenda

(Full NRLN 2010 Legislative Agenda is available at www.nrln.org)

2010 TOP INITIATIVES

PENSION ASSET PROTECTION (PAP): The NRLN advocates legislation that stops corporations from taking pension assets from defined pension plan trusts to pay for lump sum severance and early retirement incentives. The NRLN advocates that pension funds not be used to pay executive non-qualified pensions and other deferred compensation. The NRLN advocates that pension plan assets should not be transferred to or be taken over by third party financial or other institutions.

PBGC REFORM: The NRLN advocates that the Pension Benefits Guaranty Corporation must be regulated to ensure equitable calculations of benefit payments earned by retirees.

BANKRUPTCY REFORM: The NRLN advocates that bankruptcy reform is needed to place retirees' pensions and benefits on a list of obligations that companies can't shed. Retirees often lose pension, health care, and other benefits and, unlike secured creditors, rarely have the ability to recover losses.

PROTECTION AND ENHANCEMENT OF RETIREE HEALTH CARE BENEFITS:

MAINTENANCE OF COST PAYMENT: The NRLN advocates a Maintenance of Cost Payment (MCP) proposal that would establish a fixed monthly payment to retirees equivalent to the value an employer provided prior to the reduction or cancellation of retirement health care, prescription drugs, life insurance, long-term care or other benefits. Companies would be entitled to tax credits as an offset to MCP payments.

MEDICARE BUY-IN FOR AGES 55-64: The NRLN advocates that adults age 55 to 64 be allowed to buy Medicare coverage at a cost that does not burden the Medicare system. Access could be limited to individuals without access to an employer-sponsored or other group health plan that is actuarially equivalent or superior to Medicare.

INCLUSION OF CATASTROPHIC COVERAGE IN MEDICARE: The NRLN advocates that Congress should extend protection against catastrophic medical costs to the Medicare population by setting a reasonable maximum limit on out-of-pocket costs.

PROTECT RETIREES IN MERGERS & ACQUISITIONS: The NRLN advocates law that clarifies what a parent foreign owner's pension plan obligations are to abide by ERISA should its U.S. subsidiary be spun off or dissolved. Clarification must include situations where foreign corporations that own U.S. subsidiaries are also acquired by a third party, foreign-owned corporation.

REDUCE THE COST OF PRESCRIPTION DRUGS: The NRLN advocates the reduction of prescription drug costs for Americans through passage of legislation that: (1) Enables re-importation and importation of safe prescription drugs approved by the FDA; (2) Enables Medicare to develop formularies and take competitive bids for prescription drugs; (3) Staffs and funds the FDA to reduce the generic drug approval backlog; (4) Prevents drug companies from colluding to control pricing or subvert free market practices.

PROTECT MEDICARE: The NRLN advocates that Congress must guard against reductions in Medicare expenditures that negatively impact the care that retirees receive from doctors, hospitals and other health care services.

PROTECT SOCIAL SECURITY: The NRLN advocates legislation to make Social Security financially sound without reducing current and future retiree benefits.

THE REMAINDER OF THE 2010 NRLN LEGISLATIVE AGENDA

Cash Balance Plans: The NRLN advocates the elimination of “wear-away” rules contained in cash-balance plans.

EEOC Rule: The NRLN advocates elimination of the EEOC final ruling issued on December 26, 2007, allowing employers to cancel earned health care benefits of Medicare eligible retirees.

Company Benefits Bundling: The NRLN advocates legislation to prohibit companies from forcing retirees to choose between company pre-determined bundles of plans or none of their sponsored Health Care and Prescription Drug Plans. Bundling practices hold retirees hostage to such plans.

Encourage Retention Of Company-Provided Health Care For Retirees: The NRLN advocates legislation that would increase the Medicare Part D prescription plan subsidy paid to employers who offer better coverage than required for equivalent coverage in Part D, if they agree to maintain their current plans.

Taxing Health Care Benefits: The NRLN advocates that the portion of premiums paid by employers that is currently treated as a tax-free benefit to employees and retirees should remain tax free.

Deductibility Of Health Care Costs: The NRLN advocates new legislation that enables health care and Medicare premiums to be tax deductible, similar to the way health insurance premiums for the self-employed are deductible. Such deductions would be exempt from the 7.5% (AGI) limitation.

Health Savings Accounts (HSA's): The NRLN advocates changing the IRS Code of 1986 to allow HSA funding directly from IRAs for all years, not one year, without tax penalties and limits on annual contributions.

Withdrawals To Pay Retiree Health Premiums: The NRLN advocates laws that enable penalty-free withdrawals from 401k, IRA, SEP and other qualified accounts to pay retiree health care premiums.

Alternate Minimum Tax: The NRLN advocates legislation that raises the Alternative Minimum Tax threshold level and also the annual inflation indexing of the threshold.

Taxing Social Security Income: The NRLN advocates legislation to amend the tax codes to eliminate federal and state taxes on all Social Security income and/or allow a tax credit for taxes withheld.

401-k / IRA Mandatory Distribution Requirement From 70 ½ to age 75: The NRLN advocates legislation that will allow individual choice to defer Required Mandatory Distribution (RMD) from retirement savings accounts.