



# NRLN Focus

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**NRLN**  
NATIONAL RETIREE LEGISLATIVE NETWORK, INC.

Fall 2005

## A VIEW FROM WASHINGTON

The front page investigative report in the October 31 issue of *Time* magazine headlined “The Great Retirement Ripoff” is a wake-up call for anyone receiving or expecting a company pension from a traditional defined benefit plan.

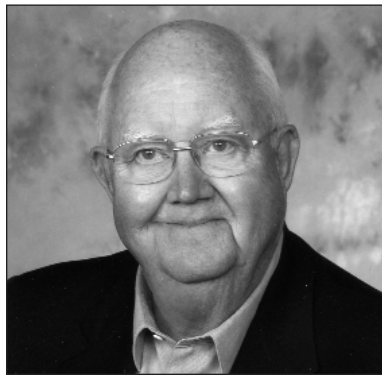
The *Time* investigation explains how millions of Americans are “at risk of an impoverished retirement” as corporations are walking away from promised pension and health care benefits that represent deferred compensation for years of loyal service by their employees.

Among the findings in this special investigation are:

- Policy decisions by Congress favoring corporate and special interests over workers will drive millions of older Americans – a majority of them women – into poverty, push millions more to the brink and turn retirement years into a time of need for everyone but the affluent.

- From taxes to health care to pensions, Congress has enacted legislation that adds to the cost of retirement and eats away at dollars once earmarked for food and shelter.

- Lawmakers wrote bankruptcy regulations to allow corp-



**A. J. (Jim) Norby**

orations to scrap the health insurance they promised employees who retired early – sometimes voluntarily, quite often not.

- Congress wrote pension rules that encourage corporations to underfund their retirement plans or switch to plans less favorable to employees. They denied workers the right to sue to enforce retirement promises and have refused to overhaul the country’s health-care system, which has created the world’s most expensive medical care without any comparable benefit.

- The number of defined-benefit pension plans offered by corporations has plunged from 112,200 in 1985 to 29,700 today; the number of active workers covered in the private sector declined from 22 million to 17 million.

Beyond the statistics, the *Time* reporters describe the human tragedy of retirees forced to recycle aluminum cans to survive and live below the poverty level as their former employers break promises made to their retirees. *Time* reports: “At the current pace, human resources offices will turn out the lights in their defined-benefit section within a decade or so. At that point, individuals will assume all the risks for their retirement, just as they did 100 years ago.”

### A stacked deck

*Time* magazine isn’t alone in its conclusions. A recent editorial in *The Washington Post* titled “Government’s Disgrace” points out: “Congress has an appalling record on pension legislation, which is why the pension rules are dysfunctional in the first place. Business and labor groups share a common interest in lobbying for lax funding rules, which allow them to keep promising big pensions while sticking the taxpayers with part of the cost.”

The editorial explains: “Rather than keep workers happy with wage increases, which would have to be paid for with  
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### ***A View from Washington*** *(continued from page 1)*

real money, financially pressed firms often bribe them with false promises of big pensions. When these firms go bust, employees get smaller pensions than cynical managers had promised them. And taxpayers, who guarantee pensions up to some \$45,000 per retiree, have to rescue the bankrupt pension plans.”

Both *Time* and the *Post* recount congressional failures that resulted in underfunded retirement plans from troubled companies and the threat they pose to the federal Pension Benefit Guaranty Corp. (PBGC), the federally backed insurer of pension funds. Today, single-employer plans have liabilities that exceed assets by \$450 billion. Multiemployer retirement plans, representing such industries as trucking, construction and grocery-store chains are underfunded by \$150 billion.

While the storm clouds darken for America’s retirees, it’s business as usual on Capitol Hill where needed legislation continues to be stalled by forces described by *The Washington Post* editorial as “the enemies of reform.”

Addressing corporate opposition to pension reform legislation, Sen. Charles Grassley (R-Iowa), chairman of the Senate Finance Committee, noted: “Big businesses say they can’t afford to put money in their pension plans, but they’ve had no problem handing out huge salaries and special retirement plans for their executives.”

### **A golden opportunity**

Against this background, the NRLN has been at the center of a flurry of pension reform activity,

making its presence felt with U.S. Senators and their staff members. Let there be no mistake – the NRLN has become a respected force with Congress. They know who we are and they know whom we represent. They also understand the power of our Grass Roots Organization. Many have come to rely on us as a reliable source.

The NRLN staff in Washington has worked tirelessly gathering intelligence on various reform bills, meeting with Senate Committee staffers, cooperating in areas of shared interest with the AARP and the Pension Rights Center, and counseling our legislative committee members on strategies and messages.

We launched a blitz of letters to the leaders and members of the Senate Finance Committee and the Health, Education, Labor and Pensions (HELP) Committee informing them about the legislative priorities of our nearly 2 million members. These personal letters under my signature were reinforced with thousands of letters from members of our NRLN Grass Roots Organization.

The NRLN was heavily involved in development of the Pension Security and Transparency Act of 2005 (S.1783) and supports its passage. We believe that the bill generally contains provisions which offer better defined benefit pension security to America’s retirees, a recognition that defined pensions are earned benefit obligations. We especially support the bill’s prospective protections against “wearaway,” in the context of cash balance conversions, as well as the bill’s stricter and more realistic rules for valuing plan assets and liabilities.

Unfortunately, the positive provisions of this proposed legislation are threatened as opponents

maneuver to pass amendments that would “put more workers pensions at risk,” according to Sen. Grassley.

In the absence of meaningful pension and health care reform legislation, the worst case scenario could be a loss of retirement security for millions of working class Americans and a taxpayer-funded bailout of the PBGC on par with the savings and loan debacle of the late 1980s. The officers and members of the NRLN are determined to see that does not happen, in spite of the reluctance of Congress to come to grips with this tough domestic issue. At this writing, we continue our efforts and media strategy to keep legislation such as S. 1783 on track.

The time is now to gain legislation that will help assure that promises are kept for today’s workers and retirees and those of future generations. And to do that, your help is urgently needed. With your support, we CAN make our voice heard where it counts – in the U.S. Congress.

Please take time to read the Open Letter to America (on Page 3) and share it with your friends and fellow retirees. Then ask them to send in the attached membership form with their donation which will go toward our ongoing legislative efforts in Washington, D.C.

Let’s not miss this golden opportunity at pension reform. Let’s be able to tell our grandchildren that we stood up for America’s workers and retirees when it really counted.

*A. J. (Jim) Norby*  
*President, NRLN*  
[www.nrln.org](http://www.nrln.org)



## AN OPEN LETTER TO AMERICA

Members of Congress, are you paying attention?

The news media has been calling this crisis in America “The Great Retirement Ripoff,” “Broken Promises,” “Fuzzy Pension Math,” “The Imperfect Storm,” “Widows’ Lament,” “Living The Golden Years Without The Gold,” “Ranks of Jilted Pensioners Grow,” and “Government’s Disgrace.” These headlines and thousands more in newspapers, magazines and on the evening news have been telling the stories of the growing plight of our nation’s retirees.

As one story put it, “policy decisions by Congress favoring corporate and special interests will drive millions of older Americans into poverty.”

The nearly two million retirees who have come together in the National Retiree Legislative Network are demanding action by U.S. Senators and Representatives to turn the rising tide that is overtaking America’s retirees.

Members of Congress need to clean up the mess they have created over the years by:

- Writing bankruptcy laws that allow corporations to cancel pensions and health benefits promised to retirees.
- Creating regulations that allow corporations to under-fund pension plans.
- Allowing companies to make after-the-fact changes that erode retirement plans.
- Passing laws that deny retirees the right to sue to enforce retirement promises.
- Refusing to address problems that have made America’s health care system the world’s most expensive, putting older citizens in jeopardy of exhausting their retirement income and life’s savings.
- Failing to understand that retirees’ pensions and health benefits are deferred compensation earned while working and are not benevolences or any form of welfare.

The mission of the NRLN is simple – protect through national legislation the pensions and benefits we earned while working. We write suggested legislation and amendments and lobby to get them passed.

In order to achieve this mission, we need your help to get pension and health care reforms passed in Congress. We need you as an advocate for our cause, and we need your financial support. The NRLN invites you to join forces with our members who are retirees and pre-retirees from all 50 states who have worked for some of America’s most prestigious companies. Become a NRLN member by returning the form below or by signing up at [www.nrln.org](http://www.nrln.org).

What is happening to retirees is dangerous to America’s future. The time is now to gain legislation that will help assure that promises are kept for today’s workers and retirees and those of future generations.

Let’s be able to tell our grandchildren that we stood up for America’s workers and retirees.

*A. J. (Jim) Norby, President, NRLN, [www.nrln.org](http://www.nrln.org)*

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### MEMBERSHIP/DONATION

The NRLN is a nonprofit, tax-exempt organization. Contributions are not tax deductible.

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

E-MAIL:(if available) \_\_\_\_\_

RETIRED FROM: (OPTIONAL) \_\_\_\_\_

Mail this form with your check or money order (no cash please) to:  
NRLN, Inc., P.O. Box 18757, Washington, D.C., 20036-8757



## NRLN Datelines

**October 31, 2005** – *Time* magazine publishes a cover story headlined “The Great Retirement Ripoff” that describes in detail how corporations are “picking people’s pockets – with the help of Congress.”

**October 27, 2005** – NRLN organizes grassroots effort in Tennessee, Nevada, Maryland and Ohio urging retirees to contact their U.S. Senators and request their support of The Pension Security and Transparency Act of 2005 (S. 1783).

**October 24, 2005** – NRLN President Jim Norby sends a letter to Senate Majority Leader Bill Frist, urging him to schedule a Senate floor vote on The Pension Security and Transparency Act of 2005 (S. 1783). Similar letters were sent to the Senate Minority Leader and to more than 20 other senators involved with this legislation.

**October 20, 2005** – A *Washington Post* article headlined “White-Collar Retirees See Need to Organize” profiles NRLN; NRLN officials begin a series of meetings with key Congressional staff members on Capitol Hill.

**October 17, 2005** – The *Washington Post* publishes an editorial headlined: “The Government’s Disgrace” that strongly criticizes efforts to derail The Pension Security and Transparency Act of 2005 (S. 1783).

**September 1, 2005** – NRLN issues a news release calling for health benefits protection legislation and passage of the Emergency Retiree Health Benefits Protection Act of 2005 (H.R. 1322).

**September 4, 2005** – NRLN Grassroots Organization Members are called on to contact members of the Senate Health, Education, Labor and Pensions (HELP) Committee urging their support for provisions in cash balance pension plans that adequately protect older workers.

**August 25, 2005** – NRLN issues news release calling for meaningful pension reform by the U.S. Senate.

**August 15, 2005** – NRLN President Jim Norby sends letters to key HELP Committee members offering testimonials from retirees who experienced some form of “wearaway.”

**August 12, 2005** – NRLN Grassroots Organization Members were called on to contact HELP Committee members and other senators of the need to protect older workers against cash balance pension “wearaway” and prevent retroactivity in those plans.

## 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.

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