# SUPPORT SENSIBLE PENSION REFORM

A hallmark of organized labor, including those workers represented by our nation's transportation unions, is the provision of employment opportunities that include competitive wages, adequate health care coverage and secure retirement benefits for our members. In fact, a significant portion of all members employed in the transportation industry obtain such benefits from a variety of numerous single employer and multi-employer defined benefit pension plans throughout the nation.

For more than fifty years, single employer and multi-employer plans have provided members with the ability to accrue benefits throughout their working careers which would then allow them to live with dignity and in prosperity in their retirement. The recent losses sustained by multi-employer defined benefit pension plans due to investment losses of unprecedented duration and depth since the adoption of current ERISA funding rules in 1974, have threatened the stability of this private sector source of secure retirement income and ongoing retiree health care benefits.

In the past three years, the funded condition of single employer defined benefit plans, particularly in the airline industry has deteriorated substantially, largely because of stock market declines of historic proportion and record low interest rates. This "perfect storm" has caused many plans, which had been over 100 percent funded to drop to an average funded level of 54 percent. When this occurs, a special funding surcharge, known as the deficit reduction contribution (DRC), is assessed on the plan sponsor in addition to the normal funding contribution. This comes at a time when companies can ill afford to make the extra payment. This situation can force a company into bankruptcy and lead to the termination of the defined benefit plan.

To help address these problems the United Sates Senate recently passed, by an overwhelmingly bipartisan margin of 86-9, its version of H.R. 3108, the Pension Stability Act. This measure includes temporary relief provisions for both multi-employer and single employer defined benefit pension plans.

In addition, this bill includes relief for a unique defined benefit plan jointly administered by the Amalgamated Transit Union (ATU) and Greyhound Lines, Inc. Specifically, the House-passed version of the Pension Stability Act would permanently exempt the Greyhound/ATU Retirement Plan from the federal law that mandates the application of a certain mortality table for determining contributions to the plan, while the Senate-passed bill includes two-year relief. Because of the unique circumstances of this plan, the mortality rate for participants is far higher than that predicted by the mortality table that current law requires the plan administrator to use in determining funding requirements. Without legislative change, Greyhound will be forced to make unnecessary pension contributions with capital that is needed to operate and maintain its vital nationwide transportation system and to address new security threats facing the industry. The permanent relief provided by the House-passed bill is the preferred alternative.

Now that the House and Senate conferees are set to consider this bill, TTD urges that the final version of this important legislation include both the temporary relief provisions for multi-employer defined benefit pension plans and the temporary relief for single employer defined benefit plans, as well as the permanent relief included in the House-passed bill for the Greyhound/ATU Retirement Plan. Such action will provide much needed pension stability and facilitate the continuation of defined benefit plans for all workers in the transportation industry.

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