

January 16, 2009

TO THE MEMBERS OF THE UNITED STATES CONGRESS:

The undersigned organizations, representing thousands of plan sponsors that provide retirement security benefits to millions of workers, thank you for your quick action last year on the Worker, Retiree, and Employer Recovery Act of 2008. We appreciate your recognition of the current financial crisis and its impact on organizations that sponsor pension plans for their workers. Because of the ongoing financial crisis, further legislation is needed to encourage economic recovery and reinvestment and protect retirement security. We urge you to enact legislation that would ensure that contributions during 2009 and 2010 are not out of proportion to those required during 2008 and that benefit restrictions are not allowed to go into place simply because of the sudden market downturn.

Various reports show that as a result of the unprecedented downturn in virtually all the investment markets, pension funding ratios have fallen significantly over the past year, and it is unlikely that the markets will recover sufficiently in the short term. In addition, corporate bond interest rates fell dramatically during December of 2008, triggering a significant increase in pension liabilities. Thus, plan sponsors are currently facing even greater economic hurdles than they were last year. Without further legislative action, these unexpected funding requirements will continue to require that companies choose between funding their pension plans (which are long-term obligations) and laying off workers, closing plants, and postponing capital investments. This could result in increased unemployment and a slower economic recovery.

The Worker, Retiree, and Employer Recovery Act of 2008 provided needed technical corrections. However, we remain extremely concerned about the viability of defined benefit pension plans during the current economic situation. Because of the importance of this issue to workers' retirement security and the overall U.S. economy, the undersigned organizations strongly urge Congress to adopt follow-up, temporary provisions that will ease cash flow constraints and make contributions more predictable and manageable in 2009 and 2010. We believe that relatively modest temporary changes could provide greater stability and improved chances of economic recovery for many companies, non-profits, and charitable organizations.

In light of the current economic crisis, the undersigned organizations urge Congress to adopt these provisions and look forward to working Congress to advance legislation that will promote America's economic recovery and reinvestment, while securing sound long-term pension plan funding.

Sincerely,

Alliance for Children and Families
American Benefits Council

American Chemistry Council
American Council of Life Insurers
American Forest & Paper Association
American Hospital Association
American Institute of Certified Public Accountants
American Public Power Association
American Society of Association Executives
ASPPA College of Pension Actuaries
Associated Industries of Massachusetts
Association for Financial Professionals
Association of American Railroads
Building and Construction Trades Department
Business Roundtable
College and University Professional Association for Human Resources
Committee on Investment of Employee Benefit Assets
Edison Electric Institute
ERISA Industry Committee
Financial Executives International's Committee on Benefits Finance
Food Marketing Institute
HR Policy Association
Indiana Manufacturers Association
International Association of Bridge, Structural, Ornamental and Reinforcing Iron
Workers
International Association of Heat and Frost Insulators and Allied Workers
International Brotherhood of Boilermakers, Iron Ship Builders,
Blacksmiths, Forgers and Helpers
International Brotherhood of Electrical Workers
International Brotherhood of Teamsters
Motor & Equipment Manufacturers Association
National Association of Manufacturers
National Association of Wholesaler-Distributors
National Coordinating Committee for Multiemployer Plans
National Education Association
National Federation of Independent Business
National Mining Association
National Retail Federation
Nuclear Energy Institute
Ohio Chamber of Commerce
Sheet Metal Workers' International Association of the United States and Canada
Society of the Plastics Industry
The Associated General Contractors of America
The Financial Services Roundtable
United Neighborhood Centers of America
U.S. Chamber of Commerce