

IEEE-USA Priority Issue

Retirement Security Enhancements

2006 Action Plan

Abstract

Recent events - including major legacy airline bankruptcies and attendant pension plan terminations, IBM's decision to freeze its defined benefit pension plans and boost contributions to its 401(k) plan and the pending expiration of defined contribution plan and individual retirement account enhancements enacted in 2001 – have all combined to make retirement security a priority issue for Congress in 2006.

IEEE-USA has long been a major player in coalition efforts to improve individual financial security by expanding tax-favored opportunities to save for retirement and increase productive investment in the nation's economy. [Competitiveness Link]

The coming reconciliation of differences between House and Senate-passed pension reform legislation provides an unprecedented chance for us to communicate our support – directly and in cooperation with other organizations that share our concerns about pensions- for the prompt enactment of reforms that are urgently needed to expand and safeguard individual opportunities to save for retirement.

Issue Areas and Related Policy Statements

Defined Benefit Funding Reforms – Pension Under-funding and PBGC Solvency
Cash Balance Plans – Maintaining Equity in Cash Balance Plan Conversions
Defined Contribution Plans, including Individual Retirement Accounts (Expired)

Legislative Goals/Desired Outcomes

Enact funding rules that will enable employers to maintain defined benefit pension plans and reduce the costs of under-funded plan terminations to plan participants and the Pension Benefit Guaranty Corporation

Enact legislation that will clarify the legal status of cash balance pension plans and reduce the potentially adverse effects of cash balance conversions on plan participants.

Reauthorize and make permanent defined contribution plan and individual retirement savings plan improvements enacted in 2001

Pending Federal Legislation and/or Regulations

Major pension reform proposals passed late last year by the House (The Pension Protection Act – HR2830) and the Senate (The Pension Security and Transparency Act – S 1783) include critically important defined benefit, cash balance, defined contribution and individual retirement account enhancements.

Direct and grassroots communications to House and Senate conferees will provide an early (February-March) opportunity to influence the reconciliation process.

Prospective Coalition Partners

American Academy of Actuaries, Center for American Progress (Defined Benefit Plan issues); American Association of Retired Persons (Cash Balance Plan issues); and the Savings Coalition of America (Defined Contribution Plan and IRA issues).

Key Volunteer, Staff and Financial Resources

George McClure and Rich Larson – Career & Workforce Policy Committee
Vin O’Neill (Congressional Relations), Russ Harrison (Grassroots) and Chris McManes (Media Relations)

\$10K (Legislative Initiative Supplement)

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