

***Background on the Pension Protection Act***

- PPA was enacted in August 2006 and completely overhauled the calculations for the contributions required to fund U.S. tax-qualified single employer defined benefit plans.
- PPA requires plan sponsors to annually measure the actuarial value of accrued benefits (funding target) and fund any deficit (shortfall) between the funding target and value of pension plan assets over a period of seven years.

***CBF Supports Two-Year Temporary Relief***

- CBF supports the idea that a two-year temporary relief for 2009 and 2010 from the rigorous rules enacted under PPA is appropriate, reasonable and fair to all stakeholders. CBF is not looking for an infusion of cash or a handout from the federal government.
- The inability for companies to find pension funding relief will exacerbate the worsening economic picture by forcing companies to divert money to meet pension obligations instead of investing in their workforce or new capital projects.

***CBF Supports an Extended Amortization Period and a Wider Corridor***

- CBF supports the provision in Mr. Pomeroy's bill to extend the amortization period of the funding shortfall beyond PPA's statutory seven years to 15 years and the provision to widen the corridor around the actuarial value of assets to plus-or-minus 20 percent, from plus-or-minus 10 percent, of the market value of assets as reasonable.
- CBF applauds the decision for complete flexibility for the selection of the IRS yield curve in Plan Year 2009 and for automatic approval for the selection of the IRS yield curve in Plan Year 2010 as written in the final PPA funding and benefit restriction regulations that were released on October 7<sup>th</sup>.

***CBF Supports a Voluntary System of Employee Benefits***

- CBF is concerned that the corresponding maintenance of effort (MOE) provisions required to engage the provisions for longer relief may prohibit members' companies from availing themselves of the reasonable relief and believe that the MOE is contrary to the notion of a voluntary system of employee benefits.
- There may also be significant administrative changes to our benefits systems that could take much time to be implemented and tested, as well as significant amount of time to bring the plans into legal compliance for the temporary period.

***Conclusion***

- CBF recognizes that members of Congress are engaged with many important issues facing Americans today, such as historic unemployment rates, supporting our heroes that protect our country on the mainland and overseas and possible changes to the US healthcare system. The relief we seek is very important to our members' companies as they wish to recover from the harmful impacts of the economic recession.

