



Business Roundtable

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December 2, 2005

The Honorable Dennis Hastert
Speaker of the House
United States House of Representatives
Washington, DC 20515

Dear Speaker Hastert:

Henry A. McKinnell, Jr.
Pfizer Inc
Chairman

Kenneth I. Chenault
American Express
Company
Co-Chairman

Edward B. Rust, Jr.
State Farm Insurance
Companies
Co-Chairman

John J. Castellani
President

Larry D. Burton
Executive Director

Johanna I. Schneider
Executive Director
External Relations

On behalf of Business Roundtable, I request that the House of Representatives schedule and pass H.R. 2830, the "Pension Protection Act of 2005." The best way to protect pensions for future retirees and working Americans is for Congress to enact permanent rules that lead to a fair and stable system. The next step in that process is for the House to consider H.R. 2830 and move swiftly to a conference with the Senate.

Business Roundtable supports balanced congressional action that creates a framework for a vibrant and strong defined benefit pension system. Many elements of H.R. 2830 mark important steps in the right direction. Nonetheless, we remain concerned that the final pension reform legislation could, if not carefully crafted, do more harm than good, jeopardizing the retirement security of millions of Americans and unnecessarily slowing future economic growth.

If we are to have a healthy pension system, rules must provide predictability and minimize volatility in an employer's funding obligations. As the legislative process moves forward, Business Roundtable will continue to urge that the final pension reform bill address each of the critical concerns below:

- Confirm the lawfulness of hybrid pension designs, including existing plans;
- Preserve smoothing rules for predictability;
- Reject proposals to allow credit agencies to set federal pension obligations;
- Value liabilities using an appropriate interest rate;
- Protect credit balances; and
- Permit an appropriate and gradual transition period to the new funding rules.

The pension system benefits millions of Americans – more than 34 million participants currently rely on single-employer defined benefit pension plans as a critical element of their retirement security. Reforms, no matter how well-intentioned, should not drive employers out of the pension system or otherwise disrupt the broader economy.

Sincerely,

John J. Castellani