



Jay Timmons

Senior Vice President of Policy

December 5, 2005

[Similar letter sent to House leadership Reps. Blunt, Pelosi and Hoyer]

The Honorable J. Dennis Hastert
Speaker of the House
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

Dear Mr. Speaker:

The National Association of Manufacturers (NAM)—the nation's largest industrial trade association—is a strong supporter of the nation's private and voluntary pension system and appreciates your interest in improving our pension rules. While we support efforts to move pension reform legislation through the House, we still have concerns about the continued viability of the pension system if some of the provisions contained in the Pension Protection Act of 2005 (H.R. 2830) are enacted into law.

The NAM supports reforms of the pension system that provide for a vibrant, healthy defined benefit system and we believe that many of the provisions of H.R. 2830 seek to accomplish that goal. At the same time, we remain concerned about several provisions in H.R. 2830 that may actually do more harm than good, and could harm the retirement security of millions of Americans if they are not addressed during a conference with the Senate.

We recognize that House passage of H.R. 2830 represents a first step in reforming the nation's pension laws, and as the bill makes its way through the legislative process, the NAM will continue to advocate for legislation that addresses the following:

- **Interest Rate:** Plan sponsors must have predictability in pension plan funding and a rational interest rate that includes adequate smoothing periods will help maintain predictability.
- **Credit Ratings:** Pension reform legislation should not include provisions that tie plan funding to the sponsoring employer's credit rating.
- **Credit Balances:** It is important that credit balances be maintained so that there is an incentive for plan sponsors to contribute more to plans when they have the resources.
- **Transition Relief:** Transition into the new funding rules is critical to the success of any pension reforms. Any new rules should be gradually phased in so that employers have time to plan for the additional contributions that new rules will require.

Manufacturing Makes America Strong

December 5, 2005

Page 2

- **Hybrid Pension Plans:** Final legislation should provide comprehensive clarification that the hybrid pension plan design is not inherently age discriminatory.

On behalf of NAM members, thank you in advance for considering our recommendations for this important pension legislation. We look forward to continuing to work with you and your staff to craft a legislative product that will strengthen the private pension system without subjecting plan sponsors to significant and unnecessary increases in plan costs that may drive them out of the pension system, leaving their employees without the benefit of a lifelong benefit.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Timmons". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jay Timmons
Senior Vice President of Policy
National Association of Manufacturers

cc: Rep. John Boehner
Rep. William Thomas