

**MAJOR ISSUES  
PENSION FUNDING LEGISLATION  
July 27, 2005**

<b>ADMINISTRATION</b>	<b>HR 2830</b>	<b>FINANCE</b>	<b>HELP</b>	<b>COALITION</b>
Near spot interest rate; no asset smoothing	3-year averaging and smoothing	Near spot interest rate and asset valuation with “back end smoothing”		Retain averaging and smoothing
Yield curve	Segmented yield curve	Yield curve		Present law corporate bond rate
“At risk” liability if below investment grade	“At risk” liability based on plan’s funded status	“At risk” liability if below investment grade & below 100%		Credit rating should not be used to determine liability
100% funding target; 7-year amortization	100% funding target; 7-year amortization	100% funding target; 7-year amortization		10-year amortization
No credit balances allowed	Credit balances under severe restrictions	Credit balances allowed (adjusted for market returns)		Allow credit balances (adjusted for market return)
Contributions up to 130% of funding target + normal cost & future growth deductible	Contributions up to 150% of at risk liability + normal cost; DC contributions up to 6% of pay excluded	Contributions up to 180% of liability; combined limit repealed		Contributions up to 180%; combined limit repealed
Benefit restrictions/cut-offs if below 80%/60% funded (incl. NQDC)	Similar to Administration	No benefit increases below 80%; benefit restrictions below 60% (incl. NQDC)		Additional moderation of restrictions/cut-offs
No shut down benefits	No shut down benefits	Shut down benefits allowed; guarantee restricted		Allow shut down benefits with guarantee restricted
Lump sum calculation tied to interest rate	Lump sum calculation tied to interest rate	Lump sum calculation tied to interest rate		Lump sum calculation tied to interest rate
Increase flat rate premium to \$30, indexed; variable set by PBGC & covers more employers	Increase flat rate premium to \$30 indexed; variable covers more employers	Increase flat rate premium to \$30 indexed; variable covers more employers		No indexing; reduce # of employers paying VRP
New notice and disclosure requirements	New notice and disclosure requirements	New notice and disclosure requirements		More timely notice appropriate
Effective 1/1/2006	Effective 1/1/2006	Funding delayed until 2007		Additional delay/transition needed