

U.S. Senate Committee on Finance

MEMORANDUM

To: Reporters and Editors
Fr: Jill Gerber (Grassley), 202/224-6522, Judy Miller (Baucus), 202/224-4515
Re: Reaction to PBGC FY2004 Financial Statement
Da: Monday, Nov. 15, 2004

Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking member, made the following comments on the release today of the Pension Benefit Guaranty Corporation's FY2004 Financial Statement.

"I'm very concerned about the PBGC's financial health," Grassley said. "As the federal government agency that insures our nation's pension plans, a healthy PBGC serves as a critical backstop for millions of current and future pensioners and retirees. Since it's the American taxpayer who ultimately stands behind the PBGC's promises, we have to do everything we can to avoid a taxpayer bailout of the agency.

"The key to a healthy PBGC is to ensure that we have a healthy pension system and that companies that sponsor pension plans fund them responsibly. In this Congress, the Finance Committee approved the NESTEG bill, which included a broad array of pension reforms and tougher pension funding rules. I look forward to working to see those NESTEG reforms signed into law at the earliest possible date. And the Finance Committee will continue to coordinate its efforts with officials at the PBGC as we examine ways to strengthen our pension system further."

Baucus said, "The continuing shift from defined benefit to defined contribution plans has left many Americans with no guaranteed retirement income from employer-sponsored retirement plans. Unfortunately, when companies dump under-funded pension plans on PBGC, many employees who thought they had a guaranteed benefit find that the promise was not really a promise. The health of PBGC unfortunately reflects the value of broken benefit promises made to thousands of employees and retirees.

"The health of PBGC hinges on the health of the private defined benefit system. We need to keep responsible employers in the system, stabilize PBGC and provide better information for plan participants. I look forward to working with Senator Grassley and the other members of the Finance Committee to enact the pension reforms in the Committee's bill, and to further strengthen the retirement security of our workers."