

# *U.S. Senate Committee on Finance*

## MEMORANDUM

To: Reporters and Editors  
Re: Rules on deferred compensation  
Da: Monday, Dec. 20, 2004

As part of the *American Jobs Creation Act of 2004*, signed into law in October, Congress imposed tough new standards on executive compensation arrangements and deferred compensation plans. That law required the Treasury Department to issue rules on a variety of issues related to the new requirements, and to do so within 60 days of the bill being signed into law. Today, the Treasury Department issued those rules. Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking member, made the following comments on today's development.

Senator Grassley said, "I appreciate the department's effort to meet a tight statutory deadline, especially in light of the complexity of the issues involved. I'm glad to see that the rules give companies appropriate transition guidelines for complying with the new law. I'm also glad the Treasury Department will continue to evaluate stock appreciation rights. They're an important compensation tool for both employers and employees alike. I look forward to continuing to work with the Treasury Department on remaining issues related to deferred compensation reforms, including the preservation of stock appreciation rights with a belt-and-suspenders approach to prevent abuse."

Senator Baucus said, "Treasury has done a tremendous job of getting these complicated rules written in a very timely manner. The new law has some tough requirements for nonqualified deferred compensation arrangements. The transition guidelines in the rules issued today will allow employers to begin the process of complying with the new law."