

-----Original Message-----

From: Andy Lang

Sent: Friday, March 30, 2007 10:30 AM

To: contractor pensions

Cc: Andy Lang

Subject: Response to request for info on holding costs down on govt contractor pensions

Hello.

I saw the brief article in the March 26th Washington Post regarding the very high costs of government contractor pensions and the request for help through this e-mail.

These high costs are partly because the benefits tend to be high and partly due to the way actuaries determine them.

I am a retired life, health and pension consulting actuary--and a huge critic of actuaries.

It is well known among pension actuaries but nowhere else, that for pension plan sponsors that get reimbursements from tax dollars, such as Medicare eligible physicians groups and hospitals, government contractors, including the huge defense industry, and for public utilities, pension actuaries tend to use very liberal actuarial assumptions in their annual actuarial valuation reports where IRS minimum funding requirements are required.

While the most important of these assumptions is the interest assumption, there are plenty of others that can increase these contributions a lot, including the salary increase assumption, the turnover assumption (low turnover increases contributions) and the assumed retirement age.

Actuaries are masters of manipulation of assumptions to get what the client wants and get big bucks for doing it too--and this is not just in pensions either.

Regarding the latter for example, high priced individual health insurance policies that pay on average only 60-65% back to the policyholder (with some as little as 30%), and level premium cash value whole life insurance policies that are often sold as 'investments' but pay only around 50% of the premiums back to the policyholders on a present value basis--both often sold by agents in misleading or fraudulent ways--are par for the course.

On pensions there are many ways to hold them accountable--but this has never been done before well, if at all.

I will be drafting a major letter for a retiree umbrella group (authorized to do lobbying) soon on the major flaws in the defined benefit pension industry accounting rules and laws that have helped screw participants out of more than a trillion dollars, among other things (Google me, Andy Lang pension actuary, and find and read my 7 page letter to the IRS on Cash Balance pension conversions to learn all about these abominations) and also hold them accountable by shining a

bright light on their doings--and how to fix all of these things. Not that I will be holding my breath on fixing them.

Actuaries are far from the only ones that have caused this once mighty industry to nearly collapse--but they have been major contributors nonetheless.

Disclosure is the key.

This involves getting the annual actuarial valuation reports--heretofore kept hidden--having the Enrolled Actuary prepare a statement on each key actuarial assumption as to how it was arrived at, doing the same for non-reimbursement pension clients in similar pension positions and comparing them, and number of other things.

.Also corporate retiree medical plans have never been funded properly, get too little investment returns as a result, and thus cost a lot more with costs also increasing dramatically in the future. The reasons they have never been funded properly is that it was not permitted under Reagan due to the tax losses. Actuaries did try and fix this in the 80s, but were not permitted.

The same things exists under Medicare and Social Security, which is why they are such a huge national problem.

Actuaries are the second biggest reason why these systems are not being financed properly. Actuarial Advance Funding using an Actuarial Cost Method known as The Entry Age Normal Cost is the right way to finance them both and would reduce their costs sharply.

The reasons you do not hear about this is that life insurance actuaries and their industry want to privatize Social Security to sell individuals those vastly overpriced products, while health insurance actuaries and their industry want to do the same with Medicare--and, by the way--are succeeding as we speak. What do you think all those cutbacks to doctors and hospitals are all about? They want to drive providers into the hands of the health insurance industry and many are doing just that.

If you wish to know more, I would be pleased to talk to you. The letter I mentioned on the defined benefit pension industry problems I will be preparing will likely be made public before your May 11 deadline.

And I will also be working on a similar letter for the Senate Finance Committee on how to fix both Social Security and medical care--not just Medicare but the whole wasteful system, all \$1.9 trillion dollars of it.

For a heads up on all of this, and a lot more, contact me.

I have been doing this for 17 years full time, pro bono--ever since I left the pension industry as a Principal at Towers Perrin, disgusted at what actuaries were doing in killing defined benefit pension plans--an invention ironically they once had the most to do with inventing and evolving.

Funny what some will do for money. - Andy

-----Original Message-----

From: marybliss@...
Sent: Thursday, March 29, 2007 10:48 PM
To: contractor pensions
Subject: DOE Pensions

To Whom It May Concern:

The circumstances for DOE needing to pay good salaries and benefits to attract the "best and brightest" to its remote research locations is still true. The United States still needs technical advancement in areas where the free market economy sees no "profit". However, mankind may profit from advancement in Arms Control, non-proliferation and defense research. A government must plan and prepare for a great number of things. There is no point in sending money to Universities to fund graduate research if the graduates can find no fulfilling employment. They cannot all teach the next generation. This is why America's graduate schools appear to be green card factories. Only Foreign nationals are willing to make the personal sacrifices to become scientists in many programs because of the added incentive to gain green cards and US citizenship. Existing Americans can find lucrative and stable employment in other fields that require less training and financial sacrafices.

Sincerely,

Mary Bliss

-----Original Message-----

From: Ballinger, Dale
Sent: Friday, March 30, 2007 9:13 AM
To: contractor pensions
Subject: comments for review on pension benefits for DOE contractors

I am a recent retiree form the Y-12 facility in Oak Ridge TN and have some very strong concerns about this situation. DOE has in the last 10 years let contracts to contractors that do not really have any people skills at all and do not really care about the people that perform the nuclear work and are only interested in more money for there upper management personal. I have really been disgusted with the lack of respect that DOE has shown for the nuclear worker especially the ones that have been exposed to all kinds of health risks and now you want to take pensions and medical benefits away!! What a hypocritical agency!!!

1. If you want to take away our pensions then why don't you take away all the DOE civil service worker pensions as well as there unlimited medical benefits!!!
2. If you want to really save make all of the worker's come under civil service medical benefits and it would not come out of your budget it automatically gets funded. We sure would not want DOE employees to do without or pay extra for medical benefits would we!
3. How can anyone in civil service get up and talk about taking medical benefits away and they have the best in the land???
4. Also you get automatic cost if living increase with your

retirement but we do not and yet it was federal money that funded the retirements for all of the DOE contractors and there workers.

5. You should pay for all of the medical benefits for nuclear workers to insure top level workers can be retained for the arsenal.

6. Why do you not settle all the claims for sick workers and get it out of the way. You could save by just settling up and cut out all of the stupid administrative costs!!!!!!!!!!!!

7. The last 10 years you have let different types of contracts to contractors that was supposed to save money and yet you have paid almost double for the work that they was supposed to save not to mention the poor safety record they have !!! Every other week there is an article on issues at K-25 or Y-12 !!!

Above are just a few comments and I hope you really take them serious because the last 10 years DOE has as far as I am concerned been a dismal cabinet level agency and shows no concern for the workers at all and yet you are supposed to be for the people by the people????????? Let me give you some facts about my life working at NASA on the Apollo program and 31 years at the doe FACILITIES IN Oak Ridge.

I go back every year for a QA reunion of Apollo workers and guess what? besides a couple of people who has passed away and by natural causes not cancer or bareillious or liver cancer or breathing problems and just horde of problems more than 200 show up and a lot in there mid 60's and early 80's are still alive that I worked directly with. Working up here I do not have enough fingers or toes to count the people I have worked with for 31 years that have died of horrible cancer and health problems and now you want to take there medical benefits away.

I could go on and on with issues with DOE but hypocritical is hypocritical!!!!!!!!!!!!!!!!!! Get off your horses and get contractors who will really save you money and get rid of the rinckey dink types that you have now!!!!!!!!!!!!!!

If you really want to solve medical costs look at congress. AT one time in this country when we had a lot of manufacturing and did not have contractor type of consultants and workers all the companies supplied medical insurance and was good enough to even carry all the indigent care. Make all contractors who employee 5 or more people supply insurance and you will have all of the 40 plus million who do not have insurance paying for insurance and costs will go down. Plan and simple more volume of people paying for insurance more profit for insurance and costs go down!!!

Leave the nuclear worker benefits alone and give retires a raise and actually show that DOE cares!!!!!!!!!!!!!!

Dale Ballinger

PS

I will be sending this to my state representative Mr. Duncan as well as my two state senators Mr. Alexander and Mr. Corker as well

-----Original Message-----

From: nvrpc
Sent: Thursday, March 29, 2007 9:09 PM
To: contractor pensions
Subject: Pensions and medical

I would say that as of Jan 1st, 2008 all new employees need to be offered a 403b only with maybe a 6% contribution and do away with the pension plan entirely. It is obvious that this is the way the world is going anyway. We will just all simply work until we are dead.

As far as medical is concerned I can only see two ways to keep this under control. We either put a cap on what doctors and hospital can charge or we go to socialized medicine where we all pay at the pump, but before you do that you have to stop giving free medical to all of those who do not have insurance. That would mean illegal aliens, welfare people and people who are just parasite.

So the answer is. No more pensions after Jan 1st, 2008 and Socialized medicine. There is no other way to handle this.

All of those who have done their 20-30 years with your firm should get medical for their entire remaining life life.

All others have to deal with the new America. It is better to drop the hatchet fast and make it painless then to linger this on, leave people with hope

Thanks

-----Original Message-----

From: Don Buckles
Sent: Thursday, March 29, 2007 2:57 PM
To: contractor pensions
Subject: contractor pensions

Many of the contractor employees that are reaching retirement age (62-65) came from commercial power plants or the Navy nuclear program.

Many of these workers were recruited when the plans were announced in late 1980s that the Hanford site was going to be cleaned up. One of the recruiting tools was the lure of good benefits.

The employees that are 60 to 65 now were then (in 1987) 40 to 45. Almost ten years later (1996), Fluor and DOE started the Enterprise company concept and mapped many of these employees over to the new companies with "outside the fence benefits". That would make these workers about 50 to 55 when they were faced with the decision to start new careers or relocate. They were lured with good benefits and then after coming to the Hanford site, these benefits were taken away.

Take a good look at how many of the Employees at Fluor Hanford are affiliate employees from Fluor Government Group. They are workers that were mapped over to the enterprise company in 1996 and are now over ten years later still performing the same jobs they did ten years ago but with un-equal benefits. With the average age of the work force at

Hanford (about 55), they are reluctant to pick-up and start all over again. Ask the Hanford Advisory Board how they feel this impacts worker safety.

With broken promises of benefits, I would not recommend Hanford as a career move for any new college graduates.

The cost of DOE employee benefits are also a concern, but I don't see a move to privatize these employees.

-----Original Message-----

From: Visitzr@...
Sent: Thursday, March 29, 2007 1:43 PM
To: contractor pensions
Subject: DOE Contractor Pensions

A newspaper article in the Tri-City Hearld (March 28, 2007) has indicated that comments on DOE's ongoing evaluation of retirement and medical benefits to employees of contractors at Hanford and other DOE sites can be sent to the above email address.

Having gone through the process of DOE altering my retirement benefits after 20 years of service at Hanford and at age 50 (think enterprise companies), I have strong feelings on this subject. Fortunately for me, only my retirement medical insurance benefits were taken away from me, not my pension benefits - which I am now trying to live on. However, loss of medical benefits is costing me and my family more than \$1000/month, which does have a major impact on my standard of living. This was a dishonorable thing for DOE to have done to thousands of Hanford employees.

Is DOE planning on doing something like it again to others? I hope not. If DOE must cut costs, I hope they will do it without breaking promises to long time employees. There is no ethical problem with cutting benefits to what the market will bear with new hires. But for people that have been working for 15 or more years after age 45 or so, I hope DOE will continue to honor their retirement pledges. It is very difficult for most 50 year olds to change careers. Perhaps some sort of pro-rated system could be developed. If DOE is going to give lump sum settlements, I would hope they would be fair (as opposed to

what we were offered 11 years ago). If more money is needed, then congress needs to step up and provide it; then the American government can remain honorable and stop trying to rip off some of its citizens.

Scott Cannon </HTML>

-----Original Message-----

From: Worker Health
Sent: Thursday, March 29, 2007 11:12 AM
To: contractor pensions
Subject: DOE Pension and Medical Benefits

As a former DOE nuclear facility contractor employee I would like to remind you that our government (you) have a responsibility to provide adequate financial and medical benefits to those who sacrificed so much to the security of our nation and way of life.

Thank you for the opportunity to add my comment.

Sincerely,

Bruce D. Lawson

-----Original Message-----

From: Colleen Woodard
Sent: Thursday, March 29, 2007 7:58 AM
To: contractor pensions
Subject: Comment on contractor benefits

To better manage what appears to be a unique contract benefit in the federal sector and apparently one worth maintaining, I recommend DOE propose to Congress that such contractor employees (at least new hires if not all) be covered by the Federal Retirement and benefits programs. That puts DOE in the benefits management role but at least the Department would be able to better integrate this contracted benefit into its budget. Current contractor employees can be given the choice to move to the Federal system just as the Feds were offered the opportunity to switch to FERS when it first appeared.

Colleen Woodard, Ph.D.

-----Original Message-----

From: SHERRY & LES WIMMER

Sent: Wednesday, March 28, 2007 11:26 PM
To: contractor pensions
Subject: Les Wimmer's Input on Excessive DOE Contractor Costs

I think that it is horrible, for these contractors, to get such a "SWEET HEART DEAL" from the federal government. This is not prudent use of the taxpayers dollar. As a federal civilian worker in DOD, I see politicians make a relentless, aggressive, & cynical effort, to contract out our jobs through A-76. The same for them attempting to cut our benefits.

I only get a subsidy of 72%, for my medical insurance. I pay the other 28%, plus additional costs like co-pays. I wish that I had 100%. The same for the pensions & other benefits. Out of pure equity & fairness, I would expect the same!!

I suggest that you convert these DOE contractor jobs into federal civilian positions. That will make the work force more affordable & accountable. You will see more productivity & pride too!

For the record, I have also contacted the offices of Sen. Harry Reid, Sen. John Ensign, Con Jon Porter, & Con Shelley Berkely to formally complain about this outrageous situation in DOE.

Mr. Les Wimmer

-----Original Message-----

From: Gary Ullery
Sent: Wednesday, March 28, 2007 10:30 PM
To: contractor pensions
Subject: Pension Plans

To Whomever may read this,

I found it very interesting that DOE is complaining about the cost of funding medical and pension funds. In my case and in others such as Los Alamos National Laboratory DOE self inflicted their own pain. So now they are complaining about costs. In the Los Alamos case they removed or put out to bid a contract change. Prior to this time the retirement system was attached through the University of California. The cost of putting into this account was not a high cost. But upon the termination of the contract with the UC as manager they installed an LLC. Now I do believe that it costs around five and one half percent of ones salary for their pension plan now. I do not have the exact numbers but I can say fairly easily that is an increase of at least 400 percent. So what costs DOE 1 dollar will now cost DOE 4 dollars. Great business minds. Then we turn to the Lawrence Livermore contract and are about ready to do the same thing. To me this should be reported as waste fraud and abuse.

So in a simple term that I see this, DOE has increased its retirement obligation by 400 percent and is now thinking it pays to much. So I am sure the next great mind their will say hey lets cut back on their retirement because of cost. You at DOE drove up the cost all by your little old self. In a private sector you would be terminated.

-----Original Message-----

From: monroe jeffrey
Sent: Wednesday, March 28, 2007 8:50 PM
To: contractor pensions

Subject: contract employees pension shortfall -comment

hi - get rid of all your contract employees and you'll get rid of the 'pension' problem!

-----Original Message-----

From: Don Buckles
Sent: Wednesday, March 28, 2007 12:03 PM
To: contractor pensions
Subject: contractor pensions

I have read that contractor pensions and medical benefits have increased 226% since 2000.

At the same time I wonder what the increases have been for the DOE Employee pension and medical benefits.

I suspect these cost increases are primarily due to additional participants collecting benefits as a result of the aging labor force at the DOE sites.

The argument that employee pension benefits are more generous than private sector employees can also be applied to the DOE pension benefits.

If DOE was committed to lower costs in a fair and consistent manner, they would cut costs across the board (including their benefits). Instead, they have targeted the benefits of the Enterprise Companies.

-----Original Message-----

From: Jierree, Candice
Sent: Wednesday, March 28, 2007 11:49 AM
To: contractor pensions
Subject: Comment on DOE Contractor Pension and Medical Challenge

As an M&O contractor employee, I was satisfied with the contents of DOE Notice 351.1, issued on April 27, 2006. In fact, I am in favor of an even more restrictive change in benefit i.e., people over 50 retain present medical and pension benefits while new employees and those under 50 move to the market-based defined contribution pension plans and medical plans. This will save additional tax dollars.

However DOE progresses on Notice 351.1, please note that M&O contractors are already reducing their medical and pension costs, unfortunately, to people of all ages (even those who are close to retirement) by outsourcing work to an affiliate of the parent M&O company. The M&O employees who are forced to work for the affiliate have their pension and retirement medical coverages instantly eliminated since the affiliate is not covered by the same contract as the M&O company. Corporate American is way ahead of DOE in this regard.

Candice C. Jierree

-----Original Message-----

From: AE aew

Sent: Wednesday, March 28, 2007 11:44 AM

To: contractor pensions

Subject: contractor pensions

I read that the department moved last year to change pension and medical benefits for future contract workers, but pension experts and several members of Congress protested the policy . . . that opponents said the government should not be in the business of telling employers what types of benefits they may and may not offer. That's what they say up on the hill.

When they decided to change the Federal government retirement, benefits, etc., from Civil Service to FERS no one had a choice, and little information was given. Now they are having conversation about changing who can and cannot qualify for benefits and time frames and raising the amount that a regular federal employee would have to contribute to benefits . . . having said all that, why is everyone so concerned about contract employees when regular government employees have to take whatever Congress dishes out. . . . And of course congress has benefits that are the best in the world.

Contractors should be offered basic insurance and basic policies, and pay at least half of the premiums, they certainly make enough money, if they don't like it go somewhere else and get a job, or government should stop pussy footing around and hire these people so they have rules to follow and a GS pay scale to compensate them for their work. Somehow government has moved or is moving to hiring contractors for every kind of job in the government instead of hiring regular employees. These employees are in critical and sensitive positions and have no loyalty to the job as they are not long-term employees as some are bought in for a project. Some contractors in government can make a couple of hundred an hour and be flown home on weekends. What's up with that? That's a real money saving deal. Not only benefits, but salary should be looked at if they want to check bankruptcy of an agency. Are all these contractors worth what they are being paid??

-----Original Message-----

From: Smith, Dana

Sent: Wednesday, March 28, 2007 11:16 AM

To: contractor pensions

Subject: Contractor Pensions

I read with interest today the article in the Washington Post regarding pension program issues with the Department of Energy contractors. I understand and support the comment that the government should not dictate to contractors the type of pension and health-benefits programs that is offered by contractors. However, the contractors should not then turn to me and the American public, as tax payers and expect us to bail them out when they have provided benefits greater than those I will be receiving and those to which I've contributed. Especially those in which I've contributed more funding in order to enjoy good benefits. This is another example of the government attempting to live beyond its means. All the rest of us must live and balance our lives and benefits to our actual earnings and contributions.

John Dana Smith