

News from the

**U.S. Senate Committee on
Health, Education, Labor and Pensions**

Michael B. Enzi (Wyoming), Chairman



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Senate Finds Cure for Pension Deficit Disorder, Enzi Says; Comprehensive Reform Bill Wins Final Approval

Washington, D.C. - U.S. Senator Mike Enzi (R-WY), Chairman of the Senate Health, Education, Labor and Pensions Committee (HELP Committee), today hailed the Senate's passage of a sweeping pension reform bill, saying the measure will dramatically strengthen pension funding rules, help curb record pension failures and better protect the retirement dreams of millions. It was approved by a vote of 97 to 2.

"Hard-working Americans who spend a lifetime earning their pensions deserve to reap the benefits they were promised in retirement. Today, we've made a breakthrough in curing the nation's pension deficit disorder," Enzi said, referring to a series of objections brought against the Senate bill by big business interests, and which threatened to derail substantive pension reform for the year.

"As the Senate's lone accountant, I'm particularly proud that we worked together to find a compromise the Senate could approve - one that still strikes a reasonable balance between the financial needs of retirees and the financial resources of the employers funding their pension plans," Enzi said.

The bill, "The Pension Security and Transparency Act," S.1783, is a compromise struck by the HELP Committee and the Senate Finance Committee and is designed to ensure that pension plans are properly funded and that the retirement funds of an estimated 43.5 million Americans - covered

by both single employer and multiemployer plans - are secure. Moreover, it will strengthen the PBGC's ability to safeguard financially-troubled plans by requiring increased premiums be paid to the PBGC.

Under current funding rules, the PBGC is carrying a deficit of \$22.8 billion, a level expected to climb even higher by the end of this year. Making matters worse, the PBGC reports that overall, pensions continue to be underfunded by \$450 billion and of that amount, \$108 billion is at risk of being turned over to the PBGC in the near future.

“The stakes in this battle are far higher than most of us can conceive. About \$120 billion in pension benefit checks are issued each year and those funds are spent by 20 million retirees in every community and every state in the union,” Enzi emphasized. “Any shortfall in those amounts will result in a decrease in the standard of living of those retirees and the economies of the communities that depend on their support.”

S. 1783, which is co-sponsored by Senator Edward M. Kennedy (D-MA), the Committee's Ranking Member, and Senator Chuck Grassley (R-IA), Chairman of the Senate Finance Committee and Senator Max Baucus (D-MT), Ranking Member of the Finance Committee, is a merged version of separate legislation approved by the two Committees.

However, the bill still achieves key objectives set by Chairman Enzi early this year. Enzi praised the work of all three leaders, who “worked tirelessly to combine the best elements of their respective bills into one comprehensive bill aimed at retirement security for millions of Americans.”

Enzi's primary goals for comprehensive pension reform, contained in “The Pension Security and Transparency Act,” include:

- Getting more money into pension plans through new funding rules;
- Creating a new funding rules for troubled multiemployer plans that will demand greater accountability to pension holders and government regulators while providing relief to troubled airlines at risk of turning their plans over to the PBGC;
- Stopping growth of the PBGC's \$22 billion deficit through premium increases and restrictions on irresponsible behavior by plan sponsors.

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