

February 24, 2004

**Expedited Conference on Pension Funding Rate Fix Is Critical to
Retirement Security, Economic Growth**

The Honorable Charles Grassley
Chairman
Committee on Finance
United States Senate
135 Hart Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

On behalf of the thousands of employers that we represent and millions of their employees, we strongly urge you to support an expedited conference with the House to draft compromise legislation to replace the defunct 30-year Treasury bond interest rate used for pension calculations with a long-term, high quality corporate bond rate. This interest rate issue is a problem that, if not corrected immediately, will continue to impede our nation's economic recovery and threaten the retirement security of millions of American workers.

Replacement of the 30-year Treasury interest rate with a more accurate benchmark is an issue of great concern to companies of all sizes in a broad range of industries. These are companies that voluntarily both provide retirement security for their employees and bear the financial risk for paying these benefits. At the same time, these employers face growing global and domestic competition from companies that do not offer similar retirement benefits and that do not bear the same liabilities.

Today, the need to "fix" the broken rate is even more urgent than ever. Note that we are not asking for "relief," rather we are asking Congress to restore a sound funding benchmark to replace the 30 year Treasury bond that was eliminated by the government. Without legislation to fix the broken rate, more and more plan sponsors are being forced to "freeze" or, in some cases, terminate, their pension plans.

We cannot stress enough the urgent need to act on final legislation addressing this issue. This is both a jobs and retirement security issue. The impending inflated pension and premium obligations are forcing employers to hold back important resources from continued investment and job creation. The negative consequences of inaction for both the economy and retirement security grow with each day that passes.

Thank you for your continued support. We are committed to working with you and your staff to ensure that final legislation is signed into law as soon as possible.

Sincerely,

American Benefits Council
Business Roundtable
Committee on Investment of Employee Benefit Assets
ERISA Industry Committee
Financial Executives International
National Association of Manufacturers
U.S. Chamber of Commerce