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Op-Ed Contributors: Rescuing Your Retirement
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OUR traditional defined benefit pension system is in crisis, and as a result the retirement security of millions of American workers, retirees and their families is at risk. Too many companies have recently defaulted on their pension promises, making it painfully clear that our pension laws simply don't work. The Bush administration believes that real reform must not be put off any longer.

While most companies try to do the right thing by their employees and retirees, our pension system has many failings. Under current law, companies can make pension promises they don't fully pay for. It is virtually impossible for workers to figure out if their plans are in trouble. Current law doesn't ensure that the Pension Benefit Guaranty Corporation, the pension insurance system guaranteeing workers' basic benefits, can pay its bills. There hasn't been an increase in premiums in 14 years, even though pension underfunding and the value of the benefits those premiums insure have increased significantly.

Recognizing the risk facing America's workers, in January President Bush proposed comprehensive pension reform to remedy these defects. First, the president's plan requires companies to set aside enough money over a reasonable time to pay for the promises made to workers. Second, it makes sure that workers know the true status of their pension plans so they can take action before it is too late. Third, it updates the premium structure so that the federal pension insurance program doesn't run out of money to pay benefits to retirees whose pension plans have been terminated.

Senator Chuck Grassley, the Iowa Republican who is chairman of the Senate Finance Committee, took an important step to strengthen pension funding by moving bipartisan legislation through his committee. Unfortunately, the legislation that is emerging from broader Senate negotiations - though it includes improvements to increase transparency and measure pension plan liabilities and assets more accurately - would instead actually relax funding rules. At the same time, the slightly stronger pension legislation moving through the House of Representatives is also weakened by the long transition it allows before funding requirements fully take effect.
Unless these bills are strengthened, they could result in weaker pension funding that increases the potential that workers will lose benefits and taxpayers will have to bail out the pension insurance program.

It's no secret that some companies don't want to pay more to support their pension promises. It's also no secret that labor unions would rather bargain for new wages than ask companies to fund benefits their members already have. But even if the pension insurance system picks up the bill if promises can't be kept, rank-and-file workers - and potentially taxpayers - ultimately pay the price for this behavior; just ask any United Airlines retiree whose pension was reduced to the maximum federal guarantee. Similarly, responsible employers are harmed, because their insurance premiums must be increased to pay off the pension insurance agency's deficit. Two years ago, the president signed into law a temporary measure providing pension funding relief. The stated purpose of that relief was to give Congress time to pass comprehensive pension reform legislation. We must not kick this problem down the road by extending that temporary relief while further postponing reforms. The problem continues to grow and more workers' pensions are at risk.

Congress must act now to secure the pension promises made to America's workers. The administration will oppose legislation that weakens rather than strengthens the already inadequate pension rules and puts more workers at risk over the long run. Special interests must not triumph over workers' interests, or the future of defined benefit pension plans is very much in doubt.

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