

News Release



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Labor Department Testifies Before Senate Finance Committee On Administration's Pension Reform Proposal

WASHINGTON—Ann L. Combs, Assistant Secretary of Labor for the Employee Benefits Security Administration today testified before the Senate Finance Committee about the Bush Administration's pension reform proposal to strengthen the retirement security of private, single employer defined benefit pension plans. Combs' testimony focused on changing the funding rules to ensure that retirement plans are adequately funded, increasing disclosure of information to workers about their plans and improving the structure of the pension insurance system.

“The Bush Administration believes that the pension promises companies have made to their workers and retirees must be kept. The consequences of not honoring pension commitments are unacceptable—the retirement security of millions of current and future retirees is put at risk,” said Combs. “Our proposal will strengthen the defined benefit system, so that the nation's workers and retirees can be confident of the secure retirement they have worked for all their lives.”

In her testimony, she discussed key elements of the Administration's plan, including:

- A single, accurate way to measure pension fund liabilities, replacing an existing system that is overly complex, confusing and ineffective.
- Flexibility for solvent companies to make more generous contributions to pension plans during good economic times.
- Restrictions on the ability of financially strapped companies to promise more benefits than they can pay for.
- Measures to ensure the long-term solvency of the Pension Benefit Guaranty Corporation.

In conclusion, Combs said “We look forward to working with Members of this Committee to achieve greater retirement security for the millions of Americans who depend on defined benefit plans.”

The full text of today's testimony is available on the Labor Department's Web site at www.dol.gov/ebsa under Administration's Pension Reform Proposal, or visiting the Senate Finance Committee online at www.finance.senate.gov.

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