

American Society of Pension Professionals & Actuaries

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ASPPA Testifies about Proposed Pension Benefit Regulations

Washington, DC – Jan. 28, 2008 – The American Society of Pension Professionals & Actuaries (ASPPA) testified at a public hearing today at the Internal Revenue Service (IRS) about benefit restrictions for underfunded pension plans. The U.S. Department of the Treasury is hearing from interested parties about the proposed guidance regarding the use of certain funding balances maintained for defined benefit pension plans, and benefit restrictions on certain underfunded defined benefit pension plans.

Judy A. Miller, chief of actuarial issues and director of retirement policy at ASPPA, offered a number of recommendations for the final regulations including coordination of Internal Revenue Code Sections 430 and 436. Such coordination would affect the liability and Section 436 contributions associated with any benefit increase included in the plan target liability and assets for the year of the amendment and the presumed adjusted funding target attainment percentage (AFTAP) for the next plan year. Thus, each time there is a contribution under Section 436, or a plan amendment takes effect, the funding target attainment percentage and AFTAP are re-determined for all Section 436 purposes reflecting both the additional contribution and the plan amendment. Miller also said the regulations should provide that benefits restrictions cease as of the date of plan termination for a plan not covered by the Pension Benefit Guaranty Corporation (PBGC) or a plan that was a standard PBGC termination.

ASPPA also recommended that the range certification remain in effect until the final certification is complete. “The regulations carry harsh penalties in the event that the range certification is wrong so there appears to be little risk in providing for this suggested change,” Miller said. She also urged swift action by Treasury on clarifying the application of limitations to retroactive amendments, noting there is a need for immediate guidance for plan managers because many plans will be amended in 2008, by March 15, with improvements to be effective for 2007. Miller noted that many of these plans will not have a certified AFTAP for 2007.

For additional information, or for a full text of Miller’s submission, contact Chris Robichaux, director of media relations at ASPPA – crobichaux@asppa.org or call 703-516-9300, ext. 130.

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ASPPA is a national organization of more than 6,400 retirement plan professionals who provide consulting and administrative services for qualified retirement plans covering millions of American workers. ASPPA members are retirement professionals of all disciplines including consultants, administrators, actuaries, accountants, and attorneys. The large and broad-based ASPPA membership gives it unusual insight into current practical problems with the Employee Retirement Income Security Act and qualified retirement plans with a particular focus on the issues faced by small- to medium-sized employers. ASPPA membership is diverse and united by a common dedication to the private retirement plan system.

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