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The Honorable Henry M. Paulson, Jr.  
Secretary of Treasury  
15<sup>th</sup> and Pennsylvania Avenue, NW.  
Washington, DC 20220

Dear Secretary Paulson:

On December 17, 2007, I had a conversation with your chief of staff, Jim Wilkinson, regarding the situation employers are facing as they work to comply with the new funding rules for defined benefit plans under the Pension Protection Act (PPA). I was pleased to see that the Treasury Department has made an effort to accommodate the concerns expressed by many plan sponsors. To follow-up on that issue, I would like to schedule a conversation with you on the outlook for further guidance from Treasury.


I welcome the Treasury Department's issuance of proposed regulations in this area with an effective date of "plan years beginning on or after January 1, 2009." I also appreciate Treasury's willingness to consider the suggestions for the compliance options available to plan sponsors during the interim period (before the regulations become effective) that was forwarded to your staff on my behalf. While the Notice IR-2007-212, issued on December 28, 2007, indicated that plan sponsors can rely on the proposed regulations for purposes of satisfying the funding requirements for the 2008 plan year, it also indicated that the Department of Treasury and the Internal Revenue Service would issue further guidance in the near future.

Many plan sponsors have continued to express concerns about the regulations on the funding rules to me, my staff, and the Ways and Means Committee. During this troubling economy when many corporations are pressed to meet their core business needs, employers believe that volatile funding obligations can have a material effect on their companies' business plans. I believe that Treasury has taken the position that plan sponsors may rely on "reasonable interpretation" during this interim period. We have heard from several organizations that further clarification is needed to complete the picture for plan sponsors trying to meet the requirements of the PPA. Allowing a "reasonable interpretation" would be a positive response in the interim.

I would like to discuss the best possible ways Treasury can communicate this standard to all plan sponsors. It is important that Treasury help employers and participants by indicating in a timely manner that the use of reasonable interpretations of the PPA statute is permitted until the regulations become effective.

I will have my office contact you to see when we can set up a time for a phone conversation in the coming week. I look forward to speaking with you.

Sincerely,



EARL POMEROY  
Member of Congress

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