



National Council on Teacher Retirement



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PENSION REFORM LEGISLATION

A Conference Committee is expected to begin meeting soon to reconcile differences between H.R. 2830, the Pension Protection Act of 2005, and S. 1783, the Pension Security and Transparency Act of 2005. There are several provisions in both bills that NCTR members believe should be included in any final version of this legislation that is presented for final Congressional approval. These include:

- Language to clarify the ability of public employees to purchase service credit in their State or local defined benefit plans, comparable to the catch-up provisions allowed for DC plan participants. *(Support Section 1001 and 1002 of the Senate bill.)*
- An amendment making permanent the pension provisions of the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001, which include portability enhancements of great importance to teachers and all other public employees. *(Support Sections 901 and 902 of the House bill.)*
- Directions to the Treasury Department to issue minimum distribution regulations permitting governmental plans to be able to operate on a good-faith basis and to continue providing meaningful cost-of-living adjustments, death benefits, and payments to beneficiaries. *(Support Section 1003 of the Senate bill.)*
- Language to waive the 10% penalty for public safety employees participating in deferred retirement option plans (DROPs) and similar benefits who retire between ages 50 and 55. *(While both the Senate and House bills contain language to provide such a waiver, the House bill includes a definition for a DROP that could be problematic for many plans and would create inequities for the many public safety personnel in plans that do not meet this definition. Therefore, support Section 1004 of the Senate bill.)*
- An amendment to allow public safety officers who retire or become disabled to pay up to \$5,000 annually for health or long-term care insurance on a pre-tax basis. *(While NCTR supports the limited reach of Section 1003 of the House Bill, we believe that all retirees should be allowed to pay for their health care costs on a pre-tax basis, as can active employees using cafeteria plans or flexible spending accounts.)*

In addition, language contained in the Senate bill, intended to address private sector hybrid plans, would impose new ERISA requirements on governmental plans. This needs to be changed. *(Section 601 of the Senate bill includes an amendment to the Age Discrimination in Employment Act (ADEA) that cross-references sections of ERISA inapplicable to State and local government retirement systems. Revisions must be made to make it clear that ERISA requirements do not pertain under the ADEA provision if they do not otherwise apply.)*

Most of these provisions have a negligible revenue effect, and all are of great importance to NCTR members and their plan participants. Please help to ensure that any final pension reform bill includes these recommendations.

If you have any questions, please contact our Director of Federal Governmental Relations:

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