

**National Conference of State Legislatures (NCSL)**  
**Communications Workers of America (CWA)**  
**National Association of Counties (NACo)**  
**National Association of State Retirement Administrators (NASRA)**  
**National Association of State Auditors Comptrollers and Treasurers (NASACT)**  
**National Conference on Public Employee Retirement Systems (NCPERS)**  
**National Council on Teacher Retirement (NCTR)**  
**Government Finance Officers Association (GFOA)**  
**National Association of Government Defined Contribution Administrators (NAGDCA)**  
**National Public Employer Labor Relations Association (NPERLA)**

December 21, 2005

The Honorable \_\_\_\_\_  
United States Senate  
Washington, D.C. 20510

or The Honorable \_\_\_\_\_  
House of Representatives  
Washington, D.C. 20515

Dear Senator/Representative \_\_\_\_\_:

On behalf of the national organizations listed above—representing state and local governments, public employee unions, public retirement systems, and over 20 million public employees, retirees, and beneficiaries—we are writing to express our support for a number of public pension provisions contained in the Senate-passed Pension Security and Transparency Act (S. 1783) and the House passed Pension Protection Act of 2005 (H.R. 2830). It is our understanding a conference committee will work out numerous differences between the two measures in the new year. We request your assistance in retaining and/or making necessary revisions to the following provisions in the final conference agreement, most of which have a negligible revenue effect, and all of which are of great importance to public employees and State and local governments throughout the country:

- Clarifying the ability of public employees to purchase service credit in their State or local defined benefit plans in order to build for their retirement security. (Support Section 1001 and 1002 of the Senate bill.)
- Clarifying the validity of hybrid plan designs and hybrid-like features in traditional defined benefit plans (The Senate bill includes an amendment to the Age Discrimination in Employment Act that cross-references ERISA private sector plan rules that are unsuitable and unworkable for governmental plans. Clarifying language for governmental plans must be added to Section 601 of the Senate bill or the ERISA cross-reference must be deleted. House language does not include this ADEA amendment).
- Removing early distribution penalties on certain public safety officer benefits. (Support Section 1004 of Senate bill. House language includes a definition 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).
- Directing Treasury to issue minimum distribution regulations under which governmental plans can operate on a good-faith basis and continue providing meaningful cost-of-living

adjustments, death benefits, and payments to beneficiaries (Support Section 1003 of the Senate bill).

- Assisting retirees in paying for increased health care costs by allowing them to deduct health care premium expenses from their retirement income similar to the way active employees may deduct premium expenses from their earned income (Support Section 1003 of House Bill, which would provide this for public safety retirees, and urge its eventual extension to all public retirees).

We also support provisions aimed at employees in all sectors of the workforce that would make the many helpful pension changes enacted in 2001 permanent (Sections 901 and 902 of House legislation), providing much needed assurance to employees and employers. In addition, we support a provision permitting rollovers of unused flexible spending account balances to eliminate the “use-it-or-lose-it” rule currently in place (Section 1002 of the House legislation).

These valuable changes to law would assist public employees in saving for their retirement and remaining financially secure in their retirement years, and would provide certainty to employees and employers with regard to plan provisions and designs. We appreciate your past support for public retirement issues and hope you will similarly work to see the important provisions outlined above are appropriately addressed in any final conference agreement on House and Senate pension legislation.

We look forward to working with you and your staff as legislation is considered.

If you have any questions or need additional information, please feel free to contact our legislative representatives:

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