

# ManuFACTS: Protecting Pension Plans

Temporary Reforms Will Help Companies Create and Retain Jobs

- **Manufacturers are strong supporters of the nation's private and voluntary pension system and have a significant stake in any legislation that threatens the current system. The manufacturing industry sponsors 47 percent of single-employer defined benefit plans insured by the Pension Benefit Guaranty Corporation.**
- **Pension plans took a huge hit during the recent economic downturn. Mercer's annual survey of retirement plans sponsored by S&P 500 companies found that aggregate pension assets fell \$310 billion short of pension liabilities in 2008. The median funded status – a ratio of assets to liabilities – fell from 94 percent in 2007 to 72 percent in 2008.**
- **Although plan asset values have recovered to some extent, they are still far below 2008 levels. In addition, companies are still facing increased liabilities due to reduced interest rates.**
- **The NAM strongly recommends that Congress provide temporary funding relief that will be available to all plan sponsors. Attaching onerous conditions and restrictions to the relief will discourage companies from participating and will diminish the economic benefits of such relief.**

## How Congress Can Help

- Pass legislation allowing longer amortization periods for pension losses.
- Remove penalties and restrictions that would prohibit companies from participating.

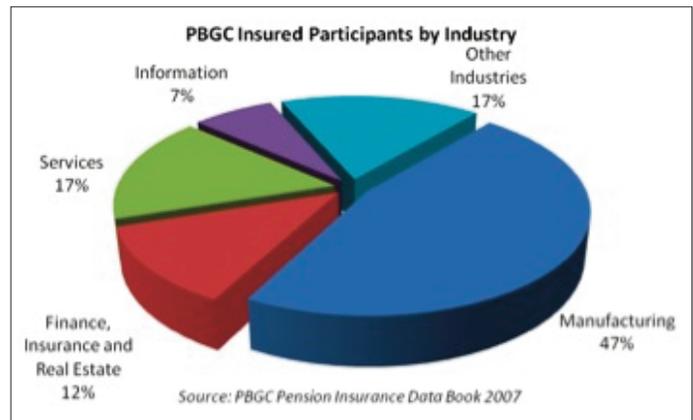
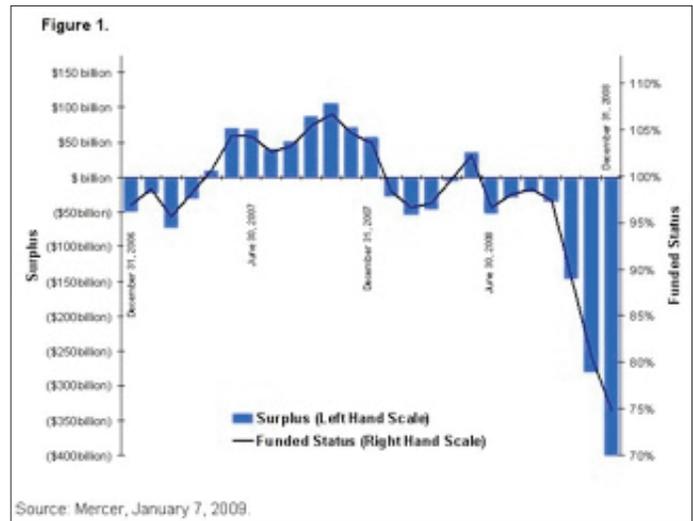
## More Information

### Allow Companies to Amortize Over a Longer Period

Giving companies the option to either amortize 2008 losses over 15 years or to pay interest on losses for two years instead of beginning the regular seven-year amortization would allow them to spread losses over a longer period. This would free up needed cash for job retention and creation while ensuring that pension plans remain well-funded.

### Remove Restrictions and Penalties

Legislative language that would penalize employers for executive compensation plans or language that would require employers to meet certain conditions regarding the status of their plans would diminish the effectiveness of the relief. The fewer companies that participate will mean fewer jobs created. Congress should strive to provide relief that is available for all plan sponsors.



## More Information

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