



AMERICAN ACADEMY *of* ACTUARIES

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## NEWS RELEASE

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# Actuaries Call on Congress to Act Soon on Pension Interest Rates

## Pension Plans Continue to Face Funding Issues

**Washington** – In testimony before the House Ways and Means Subcommittee on Select Revenue Measures, the **American Academy of Actuaries** called on Congress to find a permanent solution, and soon, to the problems created by the discontinuation of 30-year Treasury bonds in 2001. The 30-year Treasury bond rate still is used as a benchmark to calculate funding for defined benefit pension plans. **Ron Gebhardtsbauer**, the Academy's senior pension fellow, testified that it was important for Congress to decide what replacement discount rate to use among a range of rates suggested by pension experts.

The Academy's Pension Practice Council has suggested that a rate between a corporate bond rate and an annuity pricing rate may be appropriate for discounting liabilities for underfunded plans. **"Congress should soon choose an index that balances the sometimes competing interests of benefit security for employees and the ability of the employer to maintain a pension plan,"** Gebhardtsbauer said.

Last year, the Academy published a paper that described three alternative discount rates: a pension plan's long-term rate of return, a high-quality long-term corporate bond rate of return, or discount rates used in pricing annuities. In addition to the Academy testimony, there were witnesses representing the U.S. Department of Treasury, the Pension Benefit Guaranty Corp., the American Benefits Council, and the Pension Rights Center.

For a copy of Gebhardtsbauer's testimony, visit the Academy online at [www.actuary.org](http://www.actuary.org).

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