



NEWS RELEASE

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ACTUARIES CALL FOR FOCUSED PENSION REMEDY

WASHINGTON, D.C. – The senior pension fellow for the American Academy of Actuaries advised a congressional committee today to raise the pension discount rate and make it permanent to encourage employers to increase their use of defined benefit plans. Experts are concerned that defined benefit plans are losing ground to 401(k) programs among employers across the nation and that the long-term retirement security of millions of Americans will be adversely affected.

Ron Gebhardtshauer, senior pension fellow at the Academy, told members of the Senate Finance Committee **“defined benefit plans are beneficial to employees, employers, and the nation.”** He testified that major financial decisions are being influenced by the pending expiration of the discount rate at the end of this year. **“A permanent fix is needed desperately and it is needed soon,”** he said.

The Academy fellow said that Congress would signal to employers that it intends to keep defined benefit plans a viable option for employer retirement programs if it fixes the discount rate. He said that increasing the interest rate reduces minimum contributions.

Gebhardtshauer emphasized the importance of having balance in the mixture of pension plans on which millions of Americans rely during retirement. Last year, the Academy told Congress that a level playing field should be provided between defined benefit and 401(k) programs. Unlike 401(k) investments, defined benefit plans offer employees retirement security and low-investment risk, as well as contribution, investment, and design flexibility for employers.

For a complete copy of Gebhardtshauer’s testimony and other information about pensions, visit www.actuary.org.

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