



AMERICAN ACADEMY *of* ACTUARIES

July 13, 2000

The Honorable Jeff Bingaman
United States Senate
Washington, DC 20510

Dear Senator Bingaman:

The American Academy of Actuaries would like to express its strong support for your idea of establishing a national commission on pension reform and simplification. The Academy has long advocated a comprehensive and coordinated approach to retirement policy. We believe the establishment of a bipartisan commission of experts to analyze obstacles that weaken our private pension system and recommend solutions is a positive first step. The Academy also believes that slight modifications to your proposal would make the commission more effective.

The Academy commends you for recognizing that, because the laws that regulate our private pension system have become too complex, they discourage employers from helping their workers save for an adequate retirement. We strongly support the concept of a bipartisan commission of experts that will recommend specific ways to simplify the rules governing private plans, thereby encouraging employers to expand coverage to more workers.

The Academy believes that the commission called for in your proposal could be made more effective if Congress was required to have an up-or-down vote on its recommendations. Furthermore, we believe that, given the expertise available to the commission, it should be possible to formulate a result in 12-18 months, rather than the 24 months specified in your legislation. Finally, we would encourage the commission to examine pension changes in the context of a national retirement income policy, including Social Security, since major changes to the private pension system undoubtedly will affect Social Security.

The Academy believes that creation of a national commission will be a positive first step toward our mutual goal of increasing pension coverage for Americans. We appreciate your recognition of the unique role that actuaries should play in such a commission and look forward to providing any assistance that may be of benefit to you and your staff. If you have any questions, I can be reached in my Albuquerque office at (505) 888-7000 and jtandme@aol.com. You may also contact David Rivera, assistant director of public policy, at (202) 785-7869 and rivera@actuary.org.

Sincerely,

James E. Turpin
Vice President
Pensions