



# AMERICAN ACADEMY *of* ACTUARIES

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May 6, 2003

The Honorable Rob Portman  
238 Cannon House Office Building  
Washington, DC 20515

The Honorable Benjamin Cardin  
2207 Rayburn House Office Building  
Washington, DC 20515

Dear Congressmen:

This morning *The New York Times* published an article, *House Considers Measure to Cut Billions in Pension Obligations*, regarding a provision contained in the most recent Portman-Cardin legislation, which would allow companies the option to fund pensions using a blue-collar mortality table for blue-collar workers. The American Academy of Actuaries<sup>1</sup> believes that this article may have created some confusion with respect to the nature of the issue as well as the comments submitted by the Academy.

Enclosed you will find a copy of the [Academy's Pension Committee's original letter](#) sent to the U.S. Department of the Treasury on April 27, 2001, which more clearly elucidates the statements contained in *The New York Times* article.

While it was noted in the article that the Academy favors the use of a mortality table with collar adjustment, the article did not mention the Academy's position that professional employees should not be included in the definition of blue-collar employees, per treasury regulation Section 1.410(b)-6(d).

In addition, our letter stated that, if blue-collar mortality tables are to be allowed, then plans with white-collar employees should use a white-collar mortality table. Our letter also provided reasons why using collar as opposed to income level is preferable.

The Academy will be pleased to discuss this issue with you or provide any additional assistance you may need. If you have any questions, please contact Heather Jerbi, the Academy's pension policy analyst, at 202-785-7869 or me at 412-394-9301.

Sincerely,

John P. Parks  
Vice President, Pension Practice Council  
American Academy of Actuaries

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<sup>1</sup> The American Academy of Actuaries is the public policy organization for actuaries of all specialties within the United States. In addition to setting qualification standards and standards of actuarial practice, a major purpose of the Academy is to act as the public information organization for the profession. The Academy is nonpartisan and assists the public policy process through the presentation of clear actuarial analysis. The Academy regularly prepares testimony for Congress, provides information to federal and state elected officials, regulators and congressional staff, comments on proposed federal and state regulations and legislation, and works closely with state officials on issues related to insurance. The Academy also develops and upholds actuarial standards of conduct, qualifications and practice, and the Code of Professional Conduct for all actuaries practicing in the United States.

Cc: The Honorable Roy Blunt  
The Honorable Elton Gallegly  
The Honorable Nancy L. Johnson  
The Honorable Dennis Moore  
The Honorable Earl Pomeroy  
The Honorable Ellen O. Tauscher  
The Honorable Fred Upton  
The Honorable Albert Russell Wynn