

December 15, 2011

To: All NRLN Grassroots Network Members
From: NRLN President Bill Kadereit
Subject: NRLN President's Forum – My Week in Washington, D.C.

During the week of December 5th, I joined Marta Bascom, NRLN Executive Director, for meetings in Washington, D.C. related to the NRLN's priorities for Pension Asset Protection legislation, changing Pension Benefit Guaranty Corporation (PBGC) rules, reforming corporate bankruptcy laws, and protecting retirees in company mergers, acquisitions and spin-offs.

The NRLN was invited to be a participant in a seminar conducted at the PBGC headquarters to explore ways to support continued use of defined benefit pension plans for more than 44 million American workers and retirees in more than 27,500 private-sector defined benefit pension plans.

The seminar, which had been scheduled for some time, was particularly timely after the PBGC announced in mid-November that it had recorded a \$26 billion deficit in fiscal year 2011 which ended September 30th. The deficit was up 13%, or \$3 billion, over the previous year. Also, you may have read the November 24th article linked on the NRLN website that serious internal control weaknesses continue to plague the PBGC, according to an independent audit by the agency's inspector general. Among the deficiencies identified were weak internal controls that led to erroneous plan asset valuations and benefit calculations, plus poor management of contractors, including those involved in valuing plan assets when the PBGC assumes responsibility for terminated plans.

Seminar participants were able to engage in a dialogue with Joshua Gotbaum, PBGC Director; top PBGC staff members, Phyllis Borzi, Assistant Secretary of Labor of the Employee Benefits Security Administration (EBSA) and presenters from a number of prestigious think tanks and university business schools. Among the 60 representatives from organizations participating in the dialogue along with the NRLN were the AARP, AFL-CIO, American Benefits Council, ERISA Industry Council, the National Committee to Preserve Social Security and Medicare and others.

Not only were the strengths and weaknesses of defined benefit pension plans discussed, but also those of defined contribution plans such as 401Ks and IRAs. I was impressed that there was not a political agenda in the presentations and dialogue. The seminar reaffirmed for me that the NRLN is on the right track with its whitepapers calling for Pension Asset Protection legislation, changing PBGC rules for valuing pension plans and calculating payments to retirees, reforming corporate bankruptcy laws to give retirees a stronger position, and protecting retirees' pensions and benefits in company mergers, acquisitions and spin-offs. (Click here <http://www.nrln.org/pvtflyin.html> to access the NRLN's whitepapers on the NRLN website.)

During my week in Washington, Marta and I also had three meetings with the Democratic and Republican staff members for the House Ways and Means Committee, the Senate Health, Education Labor and Pensions (HELP) Committee and the Senate Finance Committee. In all three of these meetings, we discussed the need to protect the retirement security of retirees by gaining reforms in the protection of pension plan assets, PBGC rules, corporate bankruptcy laws and when companies are merged, acquired or spun off. There were positive reactions to our proposals. There was also a realistic acknowledgement of the challenge the NRLN faces to get the wide range of committee members focused on the importance of these issues in order to get bills introduced and passed.

We will continue to lobby for our top legislative agenda initiatives week by week through our Washington staff, through timely Action Alerts and with the help of retiree association leaders and Grassroots Network Members during our January and September meetings on Capitol Hill.

Another task that Marta and I undertook was to meet with staff members for the New York Senators and the New York House Members whose districts include a large number of Eastman Kodak retirees who have serious concerns about the future of their pension plan. On September 30, 2011, Kodak issued a news release stating, "Kodak is committed to meeting all of its obligations and has no intention of filing for bankruptcy." However, Kodak retirees remain uneasy since Kodak has retained a law firm that specializes in corporate reorganizations and bankruptcies.

EKRA supports the NRLN's initiatives for legislation and reforms because any of the four would strengthen the financial security of retirees should Kodak merge with another company, be acquired, spin off parts of the business—including retirees—or declare bankruptcy. To that end, they are actively lobbying the New York State congressional delegation in an effort to focus public policy on these initiatives to protect all pension plan participants before more retirees suffer the same fate as those from Delphi and the Delta Pilots Association (DP3).

My days in our nation's capital reinforced with me once again that the NRLN's objectives have merit and that it will require continued work over an extended period of time to gain the legislation and reforms to elevate the status of retirement security as a priority among lawmakers. We definitely have gained respect on the Hill for our professionalism and tenacity and believe that, if and when Congress gets back to business on our specific priorities, we will be able to advance our proposals. It appears that Congress will be in session longer than usual even with the holidays approaching. We hope that there will be a breakthrough in the current budget negotiations that will not further harm the funding for Social Security and the accessibility to doctors for Medicare participants.

Since this is possibly my last message to you in 2011, I want to wish you a Merry Christmas and a Happy Holiday Season. May the New Year provide you good health and prosperity, bring economic recovery for our nation with jobs for the unemployed, and make our world a safer, more peaceful place.

Bill Kadereit, President
National Retiree Legislative