

Actuarial Consultants, Inc.

ACI Action Item

Pension Reform under Consideration

ACI urges you and your employees to make your opinions known now!

Congress is considering legislation to expand and simplify retirement savings. The Portman-Cardin bill (H.R. 10) would increase contribution limits for employer-sponsored retirement plans and IRAs, improve portability for employees who change employers, allow workers age 50 and older to make “catch-up” contributions, make it easier for small employers to offer a retirement plan to employees, as well as streamline and simplify retirement plan rules.

ACI supports this effort to expand and enhance retirement savings. We believe it will greatly improve the retirement benefits that are available for you to offer your employees. The bill enjoys widespread bipartisan support, but is not among President Bush’s proposed tax cuts at this time. Your help is needed to demonstrate that expanded retirement savings is a tax cut for individuals supported by American workers.

How can you help?

- Visit **www.passpensionreform.org** and add your name to an automated on-line petition urging Congress and the President to pass retirement savings legislation this year.
- Ask your plan participants to log on to **www.passpensionreform.org** and add their name to the petition – a sample Call to Action/Legislative Alert for distribution to employees or posting on a web site is included on the following page.

Who is affected by pension and IRA expansion and simplification legislation?

- **Participants in employer-provided plans.** Over the past 20 years, Congress has lowered the annual dollar limits for contributions that workers can make to pension plans and benefits they can accrue. This bill would substantially increase the limits for all types of plans and would allow workers age 50 and older to contribute an additional \$5,000 to their employer-provided plan. The bill also includes “portability” provisions to allow workers who are changing jobs to roll over retirement savings between different types of plans, including qualified plans (e.g., 401(k), Section 403(b) and Section 457 plans).
- **Small businesses.** Currently, small businesses that sponsor retirement plans are subject to numerous administrative burdens, many of which would be relieved with the proposed legislation.
- **Women.** The \$5,000 limit increase in employer-provided plans for workers age 50 and older would allow women who have returned to the workforce after taking time off to raise their families the opportunity to “catch up” for years when they weren’t employed.

Increasing national savings

As a nation, we are saving less money than ever before. An increase in contribution limits may change people's attitudes about saving and convince them to save more. At the current rate of savings, the United States faces an impending retirement savings crisis, which threatens our economic growth. The savings crisis also limits the financial security of people who have not saved enough for retirement and will begin to retire in less than 15 years. Expanded employer-sponsored plans are important sources of personal savings and financial security in retirement. Enhanced savings opportunities will better enable employees to prepare for retirement.

We hope you will join us in supporting this legislation. As always, if you have any questions regarding your retirement plan, feel free to contact an ACI consultant or plan administrator.

Sample letter for distribution to employees:

<Date>

To: <Employees of ABC Company>

Each of you knows the value of saving for your own retirement. Last year, the U.S. House of Representatives overwhelmingly passed legislation (by a 401 to 25 vote) to raise the contribution limits for both IRAs and workplace retirement savings plans, to make benefits portable, and to allow "catch-up" contributions by workers nearing retirement. This legislation will enhance the ability of you and your families to plan for a secure retirement. Unfortunately, while the bill enjoys widespread bipartisan support, it is not among President Bush's proposed tax cuts at this time.

If you believe as I do that this legislation is important, please join me in urging Congress and the President to act now to pass this bill. Via the Internet, just log on to **www.passpensionreform.org** and add your name to an on-line petition in support of this important legislation. Make your voice heard. Every day Congress delays puts us a day further away from real retirement security.

Sincerely,