

Pension security fight not over yet

I would like to commend the Burlington Free Press for its editorial of Sept. 27 regarding the cuts IBM made to employees' retirement benefits. It stated: "Vermont's Congressional delegation must turn victory with IBM into better retirement security nationwide." I agree.

Due to the commitment and determination of IBM employees in Vermont and throughout the country, and work that some of us in Congress have been doing, IBM recently announced it had revised its initial proposal and will now allow more than twice as many employees the option to choose whether to remain in the original defined benefit retirement plan or the newly instituted cash balance plan. IBM is now giving people who are at least 40 years old and have been with the company for 10 years a choice of plans.

While IBM's change of heart is a major step forward and eases the anxiety of many long-term employees, it is not enough. IBM should do what a number of other companies throughout the country are doing with regard to pensions, and that is give all employees the right to choose whether to stay with the old plan or go with the new one.

Over the last several weeks, some real progress has been made on this issue in Washington, D.C. As a result of a letter that I wrote, and which was



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IT'S MY TURN

signed by 39 other members of Congress, the Equal Employment Opportunity Commission has stated that investigating age discrimination in pension plan conversions is a top priority for them. Further, and even more importantly, the Internal Revenue Service announced that, for the first time, it would not automatically grant approval for cash balance pension plan conversions, such as IBM's, without first determining whether or not they constitute age discrimination. The day after the IRS announced this decision, IBM revised its pension plan.

We should be quite clear in understanding that IBM is not the first company to convert its pension plan and, in the process, substantially cut back on the retirement benefits that were promised to long-term employees. In fact, since 1985, 20 percent of Fortune 500 companies have done more or less the same thing and, in the process, have lowered retirement benefits for millions of American workers. In my view, the time is

long overdue for Congress to begin effectively addressing this vital issue. While millions of workers throughout the country have already been robbed of the pensions that are their due, many more are fearful that the retirement benefits that have been promised to them will not be there when they need them.

Frankly, it is simply unacceptable that during a time of record-breaking corporate profits, huge pension fund surpluses, massive compensation for CEOs, including very generous retirement benefits, that corporate America renege on the commitments that they have made to workers by slashing their pensions. That is why I have recently introduced the most comprehensive legislation ever to address this issue; the Pension Protection and Preservation Act of 1999, H.R. 2902. It is co-sponsored by Congressman Maurice Hinchey of New York, and has been introduced in the Senate by U.S. Sen. Paul Wellstone of Minnesota. In its first week, it already has 19 sponsors in the House. If passed, this legislation would do the following four things:

1. Require companies with at least 100 employees to provide 45 days notice to their workers of any reduction in their pension plan. This disclosure must be in a form that allows employees to compare their benefits under the old and new plans.

2. Direct the Secretary of the

Treasury to enforce the age discrimination provisions of the Internal Revenue code that relate to pensions because the conversion to a cash balance pension plan violates those provisions. Importantly, the bill provides a safe harbor for those employers who offer their employees a choice to remain in the old plan.

3. Impose a 50 percent excise tax on the pension surplus of companies that reduce the future pension benefits of their employees, unless the employees are offered a choice to remain in the old plan.

4. Eliminate the so-called wear-away feature of many cash balance conversions which result in employees working many years before accruing additional benefits under the new plan.

Let me conclude by commending IBM employees in Vermont and throughout the country for their dedication to fair play and economic justice. Many of these employees stuck with IBM in good times and bad precisely because of the promises the company made to them regarding their retirement benefits. They have every right to expect that IBM keep those promises. I regard the issue of pension security as one of the most important facing the working people of Vermont and this country — and I will remain focused on it.

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