



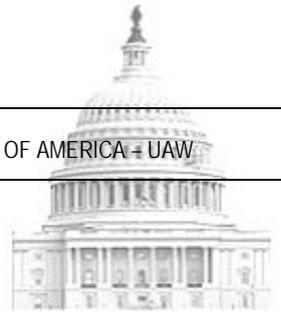
INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA - UAW

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IN REPLY REFER TO

December 13, 2005

1757 N STREET, N.W.
WASHINGTON, D.C. 20036
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Dear Representative:

When the House takes up the proposed "Pension Protection Act (H.R. 2830) later this week, we understand that a manager's amendment will address concerns that the UAW has raised concerning credit balances and plant shutdown benefits. Based on these changes, the UAW supports H.R. 2830 and urges you to vote for this bill.

The manager's amendment states that pension plans may still provide shutdown benefits if they are at least 80 percent funded. This is similar to the approach taken by H.R. 2830 with respect to plan amendments that improve benefits. The UAW believes this approach strikes an appropriate balance. It means that well-funded pension plans may continue to provide shutdown pension benefits to cushion the impact of corporate downsizing on older workers. But poorly funded plans would be barred from digging an even deeper hole by providing such benefits.

The manager's amendment also protects workers and retirees from having their pension benefits and accruals frozen solely because of the subtraction of a credit balance. Instead, it requires employers to waive the portion of their credit balance necessary to avoid triggering the limits on pension accruals and benefits. This will prevent companies from gaming their funded status to deliberately trigger these benefit restrictions. In addition, the manager's amendment provides that the credit balance subtraction rule will not apply to very well funded plans during a five year transition period. This will encourage companies to maintain and improve the funded status of their plans.

The UAW commends the sponsors of H.R. 2830 for making these critically important changes. They ensure that the focus of this legislation is on strengthening the funding of pension plans, an objective we strongly support. At the same time, these changes ensure that workers and retirees in well funded plans will not be adversely impacted by the bill.

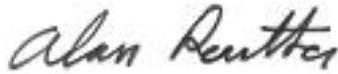
The UAW believes it is important that the House move promptly to pass H.R. 2830 with a strong bipartisan vote. In addition to strengthening funding for single-employer pension plans, this legislation includes reforms sought by

companies and unions that sponsor multi-employer pension plans. And it will hopefully provide a vehicle for addressing pension concerns in the airline industry.

We recognize that H.R. 2830 will have to be conferenced with the Senate-passed pension legislation. The UAW strongly prefers the approach adopted by H.R. 2830 relating to smoothing and the triggering of "at risk" funding rules (specifically, having these be triggered based on the funded ratio of a pension plan, not the credit rating of the sponsoring company). We will be working to make sure these superior House provisions are included in any final conference report on the pension legislation.

For the foregoing reasons, the UAW supports the proposed "Pension Protection Act" (H.R. 2830). We urge you to vote for this important pension legislation when it is considered by the House.

Sincerely,

A handwritten signature in cursive script that reads "Alan Reuther".

Alan Reuther
Legislative Director

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