



ASPPA® College of Pension Actuaries

## **Letter in Support of Modifying the Defined Benefit Plan Funding Rules to Adjust for Artificially Low Interest Rates**

May 23, 2012

To: Surface Transportation Reauthorization Act Conferees:

On behalf of the American Society of Pension Professionals & Actuaries (ASPPA), we hereby express our support for modifying the single employer pension funding rules to adjust for artificially low interest rates, such as those we are currently experiencing. Many small business owners that sponsor defined benefit plans have seen dramatic increases in minimum required contributions due to the forced low-interest environment. This level of minimum contributions could not be foreseen when the plans were adopted, and the result is a serious cash drain to meet contribution demands. Modifying the rules to moderate the funding requirements in times of extreme and unsustainable interest rates would provide much-needed stability.

It is critical that the modifications to the funding requirements be adopted in time to be effective for 2012. However, because we are already five months into 2012 and actuarial calculations for 2012 have already been already been completed for many plans, we ask that application of the modifications to 2012 be elective. Employers that can afford to make the contributions based on current interest rates may have already committed those amounts, and would prefer not to incur the additional expense of having the calculations redone.

ASPPA is a national organization of more than 9,000 retirement plan professionals who provide consulting and administrative services for qualified retirement plans covering millions of American workers. ASPPA members are retirement professionals of all disciplines, including consultants, administrators, actuaries, accountants and attorneys. Our large and broad-based membership gives ASPPA unique insight into current practical applications of ERISA and qualified retirement plans, with a particular focus on the issues faced by small- to medium-sized employers. All credentialed actuarial members of ASPPA are members of the ASPPA College of Pension Actuaries (ASPPA COPA), which has primary responsibility for the content of comment letters that involve actuarial issues. ASPPA's membership is diverse but united by a common dedication to the employer-sponsored retirement plan system.

Again, ASPPA strongly supports modifying the single employer pension funding rules to adjust for artificially low interest rates. Extreme fluctuation in funding requirements is challenging for any employer, but can be especially difficult for small businesses that sponsor defined benefit plans.

Sincerely,

Brian H. Graff, Esq., APM  
ASPPA Executive Director/CEO

C: The Honorable Sander Levin, Ranking Member, House Ways and Means Committee