



NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
MARCH 26, 1992

CONTACT: WALT RIKER
(202) 224-5358

PENSION PLAN INSURANCE

DOLE BILL WOULD REFORM FEDERAL INSURANCE PROGRAM BACKING SINGLE-EMPLOYER PENSION PLANS

WASHINGTON -- Senate Republican Leader Bob Dole (R-Kansas) today introduced legislation to reform the federal insurance program that backstops the benefits of workers and retirees covered by single-employer pension plans.

Dole's legislation, "The Pension Security Act of 1992," backed by the Administration and contained in the President's budget, is essential to stem the losses of the Pension Benefit Guarantee Corporation (PBGC) which insures the benefits of 40 million participants with premiums paid by pension plan providers.

"The President has taken the lead on this issue, and I am pleased to be able to sponsor this important legislation," Dole said. "We need to act now or the PBGC's financial condition will continue to worsen. In 1987, Congress enacted the Pension Protection Act, but these reforms must be affirmed and strengthened."

Overall, the legislation will increase pension plan funding by employers and reduce the exposure of the PBGC to unwarranted plan deficits. The legislation would increase the minimum funding employers are required to contribute to underfunded plans, limit the PBGC's guarantee of future benefit increases where the underlying plan is underfunded, and clarify and improve the priority of PBGC's bankruptcy claims.

For fiscal year 1991, PBGC's single-employer program showed a deficit of \$2.5 billion -- a 66 percent increase over the prior year. Long-range forecasts project PBGC losses to grow rapidly to almost \$20 billion within the decade.

1991 also witnessed the two largest claims in the history of the agency when PBGC took over the pension plans of Pan American World Airways, underfunded by \$900 million, and Eastern Airlines, underfunded by \$700 million.

"With these serious warning signs, workers across America are rightfully asking if their pensions will be there when they retire -- and those already retired are asking if their retirement income is safe. This legislation is designed to make certain the answer is always 'yes,'" Dole added.

###