

The Death of Private-Sector Defined Benefit Promises?

How Policymakers May React

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**“Congress does not act.
It reacts.”**

-- Unknown

How Policymakers May React

- * To what are they reacting?
 - Terminations?
 - Freezing of accruals?
 - Continuation of trends: tipping point?
 - Dramatic change in trends?
 - Major event(s) (e.g., a few large underfunded terminations landing at PBGC)?
- * The past is prologue

**“A fanatic is one who
can’t change his mind
and won’t change the
subject.”**

-- Winston Churchill

How Policymakers May React

- * Each interest group (and their policymaker allies) will cite the demise of DB plans as support for its point of view
 - **Business**: Over-regulation, uncertainty
 - **Retiree Advocates/Labor**: Abdication of employer responsibility
 - **Academics**: Rise in DC plans evidences individual empowerment
- * Why the facts matter

**“I am not a vegetarian
because I love animals.
I am a vegetarian
because I hate plants.”**

-- A. Whitney Brown

How Policymakers May React

- * Romanticized vision of DB plans
- * What won't likely be acknowledged
 - Demise of DB plans just one manifestation of changing employer/employee relationship
 - Hybrid plans
 - Impact of health care costs on pension plan sponsorship

**“If ‘Pro’ is the opposite of
‘Con’ then the opposite of
‘Progress’ is ‘Congress’.”**

-- Unknown

How Policymakers May React

- * Creation of new plan designs
- * Tax expenditure not likely to be vulnerable, despite deficits
 - Retirement policy is politically charged
 - As Boomers become retirees, revenue loss won't be as prominent
- * Sharpen the debate over Social Security private accounts

**“I never said
most of the things
I said.”**

-- Yogi Berra