

House Committee Approves Pension-Premium Increase

Associated Press

WASHINGTON -- Premiums that companies pay to insure employee pensions would rise by \$11 per person next year under a plan approved Wednesday by a House committee Wednesday.

The government's Pension Benefit Guaranty Corp., facing a \$23 billion deficit, could get an additional \$6.2 billion over the coming five years under the measure offered by Rep. John Boehner (R., Ohio), chairman of the House Education and Workforce Committee. The annual \$19 premium that companies pay for each participant in plans insured by the PBGC hasn't been raised by Congress since 1991.

The government-run PBGC insures the benefits of some 44 million people in 31,000 pension plans much in the same way the Federal Deposit Insurance Corp. insures the accounts of depositors in banks and savings and loan institutions. The agency, however, doesn't guarantee the same benefit a company promised its workers. The maximum annual PBGC benefit for plans taken over in 2005 is \$45,614 for workers who wait until 65 to retire. Workers who retire before 65 get smaller benefits.

After an increase to \$30 in 2006, the agency could seek annual premium increases of up to 20% for the next four years. Congress, however, could disapprove any increase.

"Although the PBGC has enough resources to make benefit payments for the near future, the long-term outlook for the agency is anything but certain," said Mr. Boehner.

The committee approved the measure as part of a package for cutting federal budget deficits by \$35 billion over the next five years. It also would charge companies that have gone through bankruptcy and terminated their pension plans \$3,750 for each participant in the plan.

The Senate Health, Education, Labor and Pensions Committee passed its own version of the plan last week. That version would raise the premium to \$46.75, doesn't include the option to enact future premium increases of up to 20% annually.

The House and Senate also are working on comprehensive pension-reform bills that, in addition to raising the premium, would tighten funding rules to guarantee employees get the benefits promised them

when they retire. Both of those bills also include a premium boost to \$30.

Mr. Boehner said that, while his amendment will provide the PBGC with short-term help, any "comprehensive reform" passed this year will take precedence over his measure. Rep. George Miller of California, the House panel's senior Democrat, said he reluctantly supported the proposal but added that the "increases will serve no purpose" without reform.

The measure now goes to the House Budget Committee, which is putting together the deficit-reduction package.

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