

LARSON STATEMENT ON PENSION LEGISLATION

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WASHINGTON, D.C.- U.S. Congressman John B. Larson (CT-01) today issued the following statement on the passage of the GOP version of pension reform that passed the House today by a vote of 271-157. Larson voted against H.R. 1000, and instead supported the Democratic alternative legislation, which failed.

"It is obvious that the Republican leadership has not taken any of the lessons we have learned from the Enron collapse to heart. The pension reform bill put forward by the House Republican leadership is a totally inadequate response to a system that protect millions of dollars in pension benefits for top executives, yet leaves the pensions of ordinary workers vulnerable. The GOP bill actually opens a loophole that would allow self-interested investment firms to be the principal financial advisors to employees. The Republican legislation would not protect older workers with a long history of service to their employer from potential losses in their pensions if their employer switches from a defined benefit plan to a cash balance plan. Without protecting these workers, millions could see their pensions lose as much as 50 percent of their value. The legislation would also undermine the ability of workers to diversify and protect their retirement if the company fails.

"What is needed is legislation that will ensure that rank-and-file workers are not shortchanged while corporate executives protect their own pension plans. I am proud to have voted in favor of the Democratic alternative legislation, which sought to close loopholes, protect workers' pensions and end inequities in the system. The Democratic substitute would have stopped inequities by requiring pensions for executives to be subject to the same pension rules of equity that apply to workers. It would close loopholes that allow special executive pension plans to escape taxation or receive special protection against creditors. When a company converts to a cash-balance plan, the democratic alternative would have required employers to give a choice to all workers who have completed 10 years of service. The Democratic alternative also would have imposed an excise tax on executive golden parachutes when they leave behind companies losing shareholder value or facing bankruptcy proceedings," said Larson.

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