

too important to the country. It is an issue that deserves a response. It deserves an answer and needs a solution.

I am very pleased to be working with the Presiding Officer on this issue. I hope in the next few days and weeks we will have an opportunity for full, fair debate and then a vote up or down on what is something of great need so we can engage with the House of Representatives in a conference committee and final resolution to this difficult issue for America.

I yield the floor.

The PRESIDING OFFICER. The distinguished assistant majority leader.

Mr. McCONNELL. Mr. President, let me commend the Senator from Florida and the occupant of the chair for their extraordinary leadership on this difficult issue the Senate has been wrestling with for the last couple of weeks. I join the Senator from Florida and the occupant of the chair, the distinguished Senator from Nebraska, in hoping that this issue will come back before the Senate and we will be able to deal with it in a comprehensive manner sometime in the very near future.

#### CONFERENCE ON THE PENSION REFORM BILL

Mr. REID. Mr. President, I am concerned with the lack of progress being made in conference on reaching a final agreement on the pension bill. To this point, little movement has been made to bridge the differences between the House and Senate bills.

This process does not need to be a partisan one. Throughout consideration of the pension bill, Democrats have worked with Republicans to move forward on pension reform. The Senate, working in a bipartisan manner, was able to produce a strong bill that passed by a vote of 97 to 2.

Democrats are eager to participate in the conference negotiations and are committed to enacting a strong pension reform bill. It is my hope that a conference agreement can be completed in a timely manner so that the uncertainty surrounding pensions can be resolved.

However, House Republicans seem intent on producing a bill without including Democrats. That would be unfortunate and is likely to produce a bill that fails to meet the principles supported by the Democratic caucus.

The Senate pension bill was crafted with bipartisan participation, and that approach produced a bill that received almost unanimous support in the Senate. Working together, the conferees can produce a conference agreement that would garner an equally strong vote.

Attached is a set of principles that our caucus has supported throughout consideration of this important bill. I believe these principles should be the basis for any agreement reported by the conference. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

*The conference agreement should include balanced funding rules*

The conference agreement should strike a proper balance between improving pension funding and keeping these plans an attractive benefit option for employers. While there is a trend away from defined benefit pension plans and this trend is likely to continue, rules should not be enacted that exacerbate this problem.

The key is to establish new rules that impose stronger funding requirements while maintaining incentives for employers to continue these plans. The Administration missed the mark on this. Their focus was primarily on the health of the PBGC and the ramifications for the future of defined benefit pension plans were considered collateral damage.

Democrats in the Senate share the concern over the PBGC's finances, but they also want help to preserve the traditional defined benefit system.

*The conference agreement should protect older workers while clarifying the status of cash balance plans*

As a type of defined benefit pension plan, cash balance plans contain protections for participants that Democrats support.

Cash balance plans are insured by the PBGC. They provide greater portability for workers. And they are more easily understood by participants.

On the other hand, some companies used conversions to cash balance plans to hide the fact that they were cutting benefits for workers. In some instances older workers saw their future pension accruals frozen for many years as a result of "wearaway" provisions of the new plans.

Recent court decisions on the legality of cash balance plans have created uncertainty for employers who maintain cash balance plans. Congress should clear up this uncertainty, but Senate Democrats will insist that rules be established to protect older workers.

*The conference agreement should include targeted relief for troubled industries*

The airline industry, and more importantly its workers, has faced difficult times the past few years. Those difficulties are likely to continue for some time.

In recognition of these difficulties, the Senate bill gives the airlines more time before the new stricter funding rules apply. This idea also has strong support in the House where a motion to instruct the House conferees to accept the Senate provision passed by a vote of 265-158.

The conference agreement must include relief to troubled industries.

*The conference agreement should improve employer-based retirement savings plans*

The Senate bill includes changes to defined contribution plans that address the problems uncovered as a result of the collapse of Enron.

These changes include getting better and timelier information to plan participants and giving participants greater ability to diversify away from employer stock.

The Senate bill also includes provisions allowing employers to incorporate automatic enrollment in their plans. The overwhelming evidence suggests that auto enrollment will significantly increase worker participation in DC plans.

Many 401(k) plan participants are looking for specific advice on how to invest their plan assets. Employers who would like to provide this to their employees are usually

advised not to do so because it could subject the employer to liability for investment losses. The Senate bill provides employers relief from this liability so long as the investment advisors are independent.

*The conference agreement should include reform of multiemployer pension plans*

Multiemployer plans are defined benefit plans maintained by two or more employers. One in four pension plan participants are members of multiemployer plans.

Employers, employer associations, unions and multiemployer plans have worked together on a package of changes to improve multiemployer plan funding.

The conference agreement must include reforms that give these plans the tools they need to address their funding needs.

*The conference agreement cannot include provisions that undermine patient's rights*

At the 11th hour the House leadership inserted a special interest provision into the pension bill to benefit the insurance industry.

This provision would put insurance companies ahead of injured patients in any claim against wrongdoers.

*The conference agreement should modernize ERISA without weakening worker protections*

In the 32 years since ERISA was enacted it has served pension plan participants quite well. The Senate bill makes improvements to these rules while retaining important worker protections.

Conferees should be very cautious about going further than the Senate bill.

The financial strain facing pension plans makes it even more critical to retain provisions that guard against self dealing and conflicts of interest.

Recent scandals involving some mutual fund and other financial services providers highlights that these protections are vital to protecting our current and future retirees.

*The conference agreement should be fiscally responsible*

The Senate bill's cost is modest at \$12 billion, attributable to the changes made to the funding rules and the cost of the automatic enrollment changes.

The House loaded up its pension reform bill with nearly \$87 billion in tax cuts over the next ten years.

The Savers credit, which helps low- and middle income families save for retirement expires at the end of this year. It certainly should be extended, and is included in the list of expiring provisions that are part of the conference negotiations on the tax reconciliation bill.

The House also included permanent extension of the higher contribution limits for 401(k) plans and IRAs that were part of the 2001 tax cut bill. These provisions are popular, but they don't expire for another four years. There are many equally popular tax provisions that have already expired and should be considered first. For example, the research credit, the state and local sales tax deduction, the credit for hiring disadvantaged workers, and the deduction for classroom expenses paid by teachers have all already expired. Before we consider provisions that won't expire for another four years, we need to extend these important items.

The remaining tax cuts in the House bill relate to health care. Health care affordability is an important issue, which deserves to be addressed in its own right on a comprehensive basis, not piecemeal as an afterthought to this pension bill.

#### CFIUS REFORM LEGISLATION

Mr. REID. Mr. President, I wish to take a moment to acknowledge Senators SHELBY and SARBANES in their