



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and editors
Re: 30-year Treasury bond proposal
Da: Monday, Sept. 15, 2003

Sen. Chuck Grassley, chairman of the Committee on Finance, made the following comment on his proposal to replace the 30-year Treasury bond rate formerly used in calculating pension plan contributions.

“This proposal has a solid core of bipartisan support on the Finance Committee. It’s the product of consultation with Republican and Democratic members. I’m presenting a proposal that provides guidance in the short-term that’s familiar to the defined benefit plan community. Over the long term, the proposal phases in an interest rate that will accurately reflect the underlying defined benefit plan’s liability to its employees. The long-term proposal will yield a transparent and meaningful interest rate. This proposal gives employers a fair amount of time to adjust to an eventual yield curve. It’s important to enact this policy. Workers need reliable funding of their pensions, and employers need a reliable basis on which to calculate pension payments.”