

Congress of the United States

Washington, DC 20515

August 22, 2003

The Honorable George W. Bush
President of the United States
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear President Bush:

On July 31, 2003, a federal court ruled that IBM's cash balance pension plan violates federal anti-age discrimination law. This ruling was a welcome outcome for the 130,000 IBM employees who were represented in the case – and for the millions of other Americans whose employers have already converted to one of these age discriminatory plans or might in the future.

Late last year, the Treasury Department issued proposed regulations that would green-light cash balance plans. However, the decision of the federal district court in the Southern District of Illinois raises serious questions about the legality of those proposed regulations. As you are well aware, an administrative agency cannot change statutory requirements through regulations. Only Congress has that authority.

Given this, we are renewing our request that your Administration immediately withdraw the proposed Treasury Department regulations regarding cash balance pension plans. (Federal Register December 11, 2002, Internal Revenue Service, 26 CFR Part 1, REG-209500-86, REG-164464-02, RIN 1545-BA10,1545-BB79).

In January, we sent you a letter -- signed by a total of 217 Members of the U.S. House and Senate – urging the withdrawal of these same proposed Treasury regulations governing cash balance plans. We have included a copy of that letter for your further review.

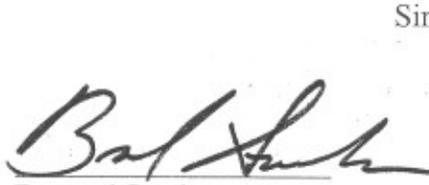
As we stated in that letter we believe the regulations “would create an incentive for thousands of companies to convert to cash balance plans by providing legal protection against claims of age bias by older employees. The regulations would result in millions of older employees losing a significant portion of the annual pension they had been promised by their employer and had

come to rely upon as part of their retirement planning Re-opening the floodgates for cash balance conversions will destroy what is left of our private pension retirement system. This is a devastating step that your Administration need not and should not allow.”

We believe that the policy arguments set forth in our January letter alone justify the withdrawal of the Treasury regulations at issue. However, the likely illegality of the regulations removes any question of whether they should go forward. They should not.

We deeply appreciate your attention to this matter. We trust that you will heed the concerns of the millions of Americans potentially benefited by this ruling and that you will see to it that the Treasury Department does not proceed with regulations in violation of federal law. We look forward to working with you to protect the pension security of America’s workers.

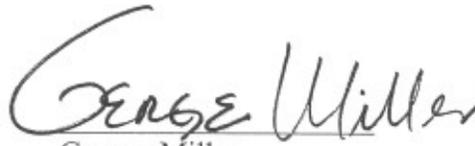
Sincerely,



Bernard Sanders
Member of Congress



Gil Gutknecht
Member of Congress



George Miller
Member of Congress



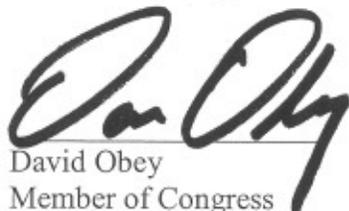
Sherwood Boehlert
Member of Congress



Marice Hinchey
Member of Congress



John McHugh
Member of Congress



David Obey
Member of Congress



Rob Simmons
Member of Congress

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Rahm Emanuel

Rahm Emanuel
Member of Congress

Jerrold Nadler

Jerrold Nadler
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Carolyn C. Kilpatrick

Carolyn Kilpatrick
Member of Congress

Rosa DeLauro

Rosa DeLauro
Member of Congress

Robert Wexler

Robert Wexler
Member of Congress

James McGovern

James McGovern
Member of Congress

Anibal Acevedo-Vila

Anibal Acevedo-Vila
Member of Congress
