

## "PERFECT STORM" FOR PENSIONS (JANUARY 2004)

The perfect storm in pension systems funding (Crisis Seen in Private Pension Systems - 1/26) is attributed by lawmakers to a weak job market, a slowly recovering stock market and historically low interest rates. Absent from the lists of villains are the lawmakers themselves, whose continual meddling with pension funding rules has frustrated actuaries for decades in assisting plan sponsors to adequately fund their plans.

Congress passed one shortsighted law after another restricting the amount plan sponsors could contribute to their pension plans, all under the guise of "deficit reduction." Unlike actuaries who have been concerned with the long-term consequences of tax law, legislators are now shocked that some plans are poorly funded.

Will those in Congress a decade from now be shocked that there is a problem with perpetual increases in Federal spending combined with permanent tax cuts? You bet. And they will surely have a perfect storm of causes to justify the situation--none of which will include today's myopic lawmakers.