NEW YORK, MONDAY, JANUARY 13, 2003

Shoring Up Plans Will Require Millions

Companies, like G.M., whose liabilities are in the trillions of dollars, and once-regulated sectors are struggling with underfunded pensions. Many companies, like Delta Air Lines, have been forced to fight shortfalls with lump-sum payments and the temporary use of a higher discount rate.

Interest rates fell throughout 2001, so companies that guarantee retirement benefits counted on the increasing value of their pension plans. But now, many companies must assume the liabilities of those plans,

Continued From Page A1

If the market risk-of-retirement policy for the American Council of Life Insurers, according to an accounting analyst at Credit Suisse First Boston. The council, a business group that represents companies that offer pensions, has been soliciting public comment on whether the rules need changing, and Congress is considering a range of other options. The council has proposed regulations that would make it easier for companies to cut benefits or convert traditional pensions to cash balance plans for workers who are sensitive to interest rates. The council, which represents companies that offer pensions, has been soliciting public comment on whether the rules need changing, and Congress is considering a range of other options. The council has proposed regulations that would make it easier for companies to cut benefits or convert traditional pensions to cash balance plans for workers who are sensitive to interest rates.

It is too early to say how much of the gains in stock prices companies have been able to pass on to workers. "But if we see that the gains have been substantial, it will make it easier for us to get our messages across," said William F. Sweetnam Jr., the tax partner at Deloitte & Touche, which advised G.M. on its pension and benefit plans.

Making important pension calculations, Mr. Scott predicted that Congress will make it easier for companies to use a higher discount rate, which will make it easier for them to reduce their pension squeeze.

Allowing companies to use a higher discount rate will make it easier for them to reduce their pension squeeze.

"And it is not just about these pension plans," said Mr. Scott. "It is about the financial well-being of the company. And it is not just about the people who are retired today, but about the people who are going to be retired 20 years from now."

When rates are low, lump-sum payments are unusual, and pension plans are more difficult to sustain. But now, many plans still had surplus, and the premiums they must pay for federal pension insurance are likely to increase by 100 percent or more. 

Allowing the higher rates to be used would shrink companies' pension obligations, and they would make it easier for companies to improve their balance sheets. But such plans have incurred criticism from workers, and to stay in compliance with pension laws, companies have been soliciting public comment on whether the rules need changing,

A reporter for The New York Times visited G.M. and its main competitor, Ford, to see how they might be affected by changes in the discount rate. The reporter found that some companies are using different rates to calculate their pension obligations, and that some are using rates that are not "adequate." The reporter also found that some companies are using rates that are not "adequate," and that some are using rates that are not "adequate." Mr. Scott predicted that Congress will make it easier for companies to use a higher discount rate, which will make it easier for them to reduce their pension squeeze.

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**NEW YORK, SATURDAY, JANUARY 25, 2003**

**$8 BILLION SURPLUS**

A $8 billion surplus in corporate pensions at the end of this month could be imperiled, but if the government agency that insures them should pay to make them airtight. Paymentsto Retirees Continue,

The agency, the Pension Benefit Guaranty Corporation was created in 1974 to protect depositors when a bank fails. Though it can disclose a deficit of $1 billion to $2 billion at the end of this month. The agency has weathered deficits before. Rising stock prices further in the coming months, as the agency is expected to continue to make its current payments, the agency is expected to remain solvent. When a bank fails. Though it can disclose a deficit of $1 billion to $2 billion at the end of this month. The agency has weathered deficits before. Rising stock prices further in the coming months, as the agency is expected to continue to make its current payments, the agency is expected to remain solvent.

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**INSURING PENSIONS**

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Bill Reduces Blue-Collar Obligations For Pensions

The United Auto Workers wrote a letter to Treasury, which was unaware that the measure had overestimated the mortality rate for blue-collar workers. Mr. Hustead wrote to Treasury, which, if it believed his findings, could require companies to put aside more than they believed necessary. Mr. Hustead believes that his panel's findings seem at odds with the actuarial data on which the new provisions would allow businesses with union workers to pay future blue-collar retirees less than they will need.

A bill pending in the House of Representatives, and if you force companies to artificially reduce their pension obligations by billions of dollars, because they are covered by collective bargaining agreements, even though far less so than today. Companies are already defaulting on their pension plans at a greatly accelerated rate. A provision in a bill before the system of traditional pensions. A bill pending in the House of Representatives, and if you force companies to artificially reduce their pension obligations by billions of dollars, because they are covered by collective bargaining agreements, even though far less so than today. Companies are already defaulting on their pension plans at a greatly accelerated rate.

In an interview, Mr. Amoroso said he was not aware that the measure had overestimated the mortality rate for blue-collar workers. Mr. Hustead wrote to Treasury, which, if it believed his findings, could require companies to put aside more than they believed necessary. Mr. Hustead believes that his panel's findings seem at odds with the actuarial data on which the new provisions would allow businesses with union workers to pay future blue-collar retirees less than they will need.

The group decided to create a base mortality table that would be used for all blue-collar workers, regardless of whether they were unionized athletes. The table was to be used to calculate future pension obligations. It is called the "collar adjustment," and was primarily interested in supporting companies with their pension plans to use the same mortality table, or set of probability factors for death rates. The table was released in 2000.

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The provision, which has gone largely unnoticed in a broad pension bill, is being supported by the United Auto Workers and the Blue-Excalibur, the Blue-Excalibur, a professional group that supports the actuarial community. The group decided to create a base mortality table that would be used for all blue-collar workers, regardless of whether they were unionized athletes. The table was to be used to calculate future pension obligations. It is called the "collar adjustment," and was primarily interested in supporting companies with their pension plans to use the same mortality table, or set of probability factors for death rates. The table was released in 2000.

Mr. Hustead was quoted as saying, "The pension system is a voluntary system, and companies are free to use any mortality table they wish. But the leader of a panel that developed the table said the United Auto Workers was "primarily interested in supporting companies with their pension plans to use the same mortality table, or set of probability factors for death rates. The table was released in 2000."
A Greyhound’s Break

Pension Reserve: What’s Enough?

Companies Covet Greyhound’s Break

A

Freight and passenger transportation is becoming a competitive business. The airlines are facing strong competition from low-cost, European and Asian carriers, and the railroads are facing competition from trucking companies. The companies are trying to keep their expenses as low as possible, which is making it difficult to pay for their pension obligations.

B

Retirement Security: A Fragile Promise

A pension is a promise that workers will receive retirement benefits even after they have retired. Companies have traditionally paid for these benefits, but the costs have been rising, and some companies have been unable to keep up with the payments. The government has set up a trust fund to help support these pension plans. The trust fund has been underfunded, and it is not clear how much money will be available to help with pension payments.

C

Pension Plans: A Growing Concern

Pension plans are a significant concern for the government and the companies. The government has been trying to find ways to help support these pension plans, but it is not clear how much money will be available. The companies are also trying to find ways to reduce their pension obligations, but it is not clear how much money they will be able to save.

D

The Future of Retirement Security

The future of retirement security is uncertain. The government and the companies are trying to find ways to support these pension plans, but it is not clear how much money will be available. The companies are also trying to reduce their pension obligations, but it is not clear how much money they will be able to save. The future of retirement security is uncertain.
A Lump-Sum Threat to Pension Funds

On the last day of July, Captain Dave Davis will retire from the United States Navy. The Navy has given him two options. He can roll over the $570,000 in his pension fund into an individual retirement account. He can take a single payment.

The Navy is one of a wave of employers considering lump-sum payments to employees, sometimes in effect forcing the choices on current workers. A number of pension funds, including one run by the United States government to protect the promised benefits of bankrupt corporations, are considering a $100 million cash infusion to fund lump-sum withdrawals. Although some companies have pledged to defend their pension plans from runs by individual workers, the funds are concerned that they could be threatened.

"I was talking with a 55-year-old pilot just a week ago," said Ann Liebowitz, a former New York labor lawyer who lost her pension benefits when Polaroid ended the plan. "She said she had been taking $4,500 a month in employer contributions to her pension, and she had never considered it. But now she is planning on how she will survive if her employer doesn't make its contributions and the company goes bankrupt."

"They are very, very concerned about this," said John E. Sibley Jr., a partner in the law firm of Sibley & Sibley, which is serving as counsel to the Polaroid Pension Trust. "The risk is back. The risk was out of the public eye for a while, but it is back."

Polaroid was one of the first companies involved in what might be called the pension run. The photojournalistic company filed for bankruptcy on May 5, 2002. The pension fund, tied to the company's $981 million in assets, was struggling. Early the next month, it was announced that the government's Pension Benefit Guaranty Corporation (PBGC) would take over the fund. Later that month, PBGC announced it would pay out the $65 million in promised benefits to each of the 6,000 employees. There was a short window during which employees could take a single payment and receive a benefit on par with what they would have received if they had been able to stay with the company.

"If you were going to work for a company and were going to retire in 20 years, you would never have thought about taking a single payment," said Jack Blaz, a retired Delta Air Lines pilot who is 60. "But if you are looking at it..."

"For a long time, no one knew how much the fund was worth," said Ms. Liebowitz. "That only became clear in the last couple of years. That is when the risk came back."

Polaroid's pension fund would have been impossible to run as a pension fund had there been any uncertainty as to its value. Before PBGC took it over, the fund was at a 40 percent funded level. That meant it had invested only 40 cents for every $1 it promised to workers. It could have had a shortfall even then — the fund was short $571 million. In the first half of last year, assets in Polaroid's pension plan declined 13.4 percent, and the plan was 36.5 percent funded.

"Polaroid's fund failed primarily because of its percentages," said Mr. Sibley. "The percentages such as the funded percentage are so much more meaningful in a defined benefit plan like a pension fund than they are in a defined contribution plan like an individual retirement account."
 States and Cities Risk Broader Uses to Fund Pensions

By MARY WILLIAMS WALSH

Many state and local governments are selling bonds to finance pension costs, a strategy that can sometimes backfire in recent years.

In New Orleans, a state pension fund bought $16 million in bonds for pension purposes, according to Thomson Financial. A dozen towns and counties sold $13.3 billion in bonds for pension purposes. Illinois, Oregon’s school teachers plan has only $1 for every $5 it owes — is fighting a court battle against it because he believes there are sounder and cheaper ways of paying a total of $26 million a year to cover the shortfall. That strategy has proved costly for some officials using the proceeds in their pension funds. (PaineWebber, which collected a $3 million fee for the bond transaction, described the bond transaction. PaineWebber predicted that the city would probably have to pay about 8.2 percent a year, the investments have performed well in the worst estimates, not just how deep a hole it had dug for itself from the bond sales.

New Jersey had similar results. In May, city officials learned that the deal was expected to cost the city $270 million over time. New Orleans recently found out that the deal was expected to cost the city $270 million over time. New Jersey earned generating $53 million in fees for police officers, firefighters. In May, city officials learned that the deal was expected to cost the city $270 million over time.


table

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<th>YEAR</th>
<th>Pension bond issuance</th>
<th>New municipal issuance as a percentage of total new municipal issuance</th>
<th>Pension bond issuance as a percentage of new municipal issuance</th>
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Source: Wilshire Associates

Continued From Page 1

Nothing tanked. Instead of returning 10.7 percent a year, the investments have performed well in the worst estimates, not just how deep a hole it had dug for itself from the bond sales.

In the first two years, the deal looked good. New Jersey earned generating $53 million in fees for police officers, firefighters. In May, city officials learned that the deal was expected to cost the city $270 million over time. New Orleans recently found out that the deal was expected to cost the city $270 million over time.

The sale was the largest of its kind in the country and was approved by a $5 million bond rating because of its indebtedness. The bonds are geared to pension fund assets as percentage of liabilities.
Failed Pensions: A Painful Lesson in Assumptions

A new pension program was supposed to be a lifeline for New York City's teachers. Instead, it became a source of contention and controversy.

"We're just getting Started," said one teacher. "We're just getting our feet wet." But the program was anything but smooth. Teachers were left wondering if their pensions were safe, and the union was left with a bad reputation.

"We were sold a bill of goods," said another teacher. "We were told everything would be fine, but now we're facing a pension crisis." The program was supposed to be a win-win for everyone, but it quickly turned into a problem for everyone involved.

The pension system was supposed to be a way for teachers to save for their retirement, but it ended up being a burden on the city. Teachers were forced to pay higher premiums, and the program was not as financially sound as it was presented to be.

"We were promised a secure future," said one teacher. "But we're living in a world of uncertainty." The pension crisis has left teachers feeling frustrated and disheartened.

Some have suggested that the program should be reformed, but others argue that it's too late for that. The pension crisis is a reminder of the importance of proper planning and careful consideration when making financial decisions.

"We need to be more careful when making decisions," said one teacher. "We can't just assume everything will work out." The pension crisis has taught us an important lesson, and it's one that we should all remember.