

PENSION RIGHTS CENTER

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April 9, 2008

Dear Senator:

Enclosed please find a letter that the Pension Rights Center sent today to Secretary of the Treasury Henry M. Paulson Jr. asking that he withdraw Revenue Ruling 2008-7, which legitimizes the unfair practice of "wearaway" in cash balance conversions that occurred before the enactment of the Pension Protection Act of 2006 (PPA).

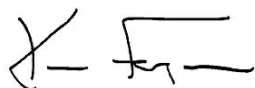
Thanks to your leadership, the PPA's cash balance provisions were carefully designed to take into account the interests of employers and employees. In exchange for legitimizing cash balance plans in the future, the PPA provided important employee protections, such as eliminating the practice of wearaway in cash balance conversions that took place after the effective date of the law. As you recall, Congress left the question of the legality of past conversions to the courts.

Revenue Ruling 2008-7 ignores the intent of Congress by seeking to legalize the practice of pre-PPA wearaway. In so doing, the Ruling could undermine lawsuits brought by hundreds of thousands of employees from such companies as AT&T, CIGNA, Southern California Gas Company, FleetBoston, and Chemical Bank. These lawsuits represent the employees' only hopes for restoring the devastating losses caused by the unlawful wearaway of their pension benefits.

We are asking that the Secretary of the Treasury withdraw the Revenue Ruling, and direct the Internal Revenue Service to delay issuing determination letters for plans that used wearaway formulas in their cash balance conversions until the courts have made a final determination of the issues. In the alternative, we propose the reinstatement of the moratorium on cash balance conversions until the completion of a regulatory proceeding that would allow the views of employees to be heard.

Again, we are grateful for your leadership on this issue, and hope that you will act to ensure that the employees' pensions are protected. If you or your staff have questions, please feel free to call us at (202) 296-3776.

Sincerely,



Karen W. Ferguson
Director