

108TH CONGRESS
1ST SESSION

S. 119

To provide special minimum funding requirements for certain pension plans maintained pursuant to collective bargaining agreements.

IN THE SENATE OF THE UNITED STATES

JANUARY 9, 2003

Mr. SANTORUM (for himself, Mr. SPECTER, Mr. WARNER, and Mrs. DOLE) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide special minimum funding requirements for certain pension plans maintained pursuant to collective bargaining agreements.

1 *Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,*

3 **SECTION 1. MODIFICATION OF FUNDING REQUIREMENTS**

4 **FOR CERTAIN PLANS.**

5 (a) FUNDING RULES FOR CERTAIN PLANS.—

6 (1) IN GENERAL.—Notwithstanding any other
7 provision of the Internal Revenue Code of 1986 or
8 the Employee Retirement Income Security Act of
9 1974, the minimum funding rules under paragraph

1 (2) shall apply for any plan year beginning after De-
2 cember 31, 2002, in the case of a defined benefit
3 plan which—

4 (A) was established by an air carrier which
5 was granted a conditional loan guarantee by the
6 Air Transport Stabilization Board on July 10,
7 2002, and which filed for protection under
8 chapter 11 of title 11, United States Code, on
9 August 11, 2002, and

10 (B) is maintained for the benefit of such
11 carrier's employees pursuant to a collective bar-
12 gaining agreement.

13 (2) SPECIAL FUNDING RULE.—

20 (B) RULES OF SPECIAL APPLICATION.—In
21 applying the requirements of Treasury Regula-
22 tion section 1.412(c)(1)-3 for purposes of para-
23 graph (1)—

1 (i) the plan shall be treated as having
2 met the requirements of Treasury Regula-
3 tion section 1.412(c)(1)-3(a)(2),

4 (ii) the payment schedules shall be de-
5 termined—

(I) by using the maximum amortization period permitted under section 1.412(c)(1)-3, and

9 (II) on the basis of the actuarial
10 valuation of the accrued liability and
11 the current liability of the plan as of
12 January 1, 2003, less the actuarial
13 value of the plan assets on that date.

14 (iii) the payments under a restoration
15 payment schedule shall be made in level
16 amounts over the payment period, and

17 (iv) the actuarial value of assets shall
18 be the fair market value of such assets as
19 of January 1, 2003, with prospective in-
20 vestment returns in excess of or less than
21 the assumed return phased in over 5 years.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to plan years beginning after De-
24 cember 31, 2002.

