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## United States Senate

COMMITTEE ON SMALL BUSINESS  
WASHINGTON, DC 20510-6350

April 26, 2001

The Honorable Charles E. Grassley  
Chairman  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chuck:

As the Chairman of the Committee on Small Business, I continue to hear from small business owners about the importance of pension reform and simplification. Small business owners, their employees, and their families need pension plans that will help them save for their retirement. For its part, Congress has a tremendous opportunity to facilitate that goal by simplifying the complex and onerous pension rules that currently riddle the tax law and by providing incentives and efficiencies to make pension plans more attractive to small business owners.

In the last Congress, I was a strong supporter and original co-sponsor of the Pension Coverage and Portability Act (S. 741, 106th Congress) that you and Senator Graham championed. While I had planned to renew my support for this important legislation when you reintroduced it this year, I am troubled by several changes that have been made to the Retirement Security and Savings Act of 2001 (S. 742), which you introduced just prior to the April recess.

In particular, I am very concerned by several provisions that were dropped from the top-heavy reforms included in last year's bill. Specifically, I am referring to the top-heavy revisions relating to the repeal of the family-aggregation rules, the exclusion of safe-harbor plans, and the exclusion of employee-elective contributions. These changes would have far-reaching benefits for small businesses that provide pension benefits for owners and employees by dramatically reducing the complexity of the pension rules as well as the sponsor's compliance costs. If we cannot repeal the top-heavy rules completely for small businesses, which I believe is the optimal solution, we should provide the greatest relief from these onerous rules possible and include the omitted provisions in the final bill.

Additionally, a number of constituents have express serious reservations about the new provision in your bill concerning automatic rollovers of certain mandatory distributions. For small businesses this provision will add significant complexities and administrative burdens, which appears to be contrary to the legislation's goal of simplifying the pension rules. Moreover, the potential for greater fiduciary liability as a result of such mandatory rollovers may discourage small enterprises from sponsoring retirement savings plans in the first place.

The Honorable Charles E. Grassley

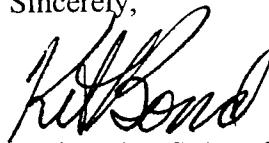
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Apart from these concerns, I strongly support the vast majority the Retirement Security and Savings Act of 2001. Its goals of expanding pension coverage, enhancing fairness for women, increasing portability, strengthening pension security, and reducing the regulatory burdens are critically important to small businesses. I would welcome the opportunity to continue working with you on this legislation and ask for your commitment to restore the top-heavy reforms and eliminate the mandatory rollover requirement as we work for the best bill possible for America's small businesses and their employees.

Thank you for your consideration of my request.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written in a cursive style.

Christopher S. Bond  
Chairman