

Cash Balance Plan Legislation

In recent years, major employers have converted their traditional defined benefit pension plans into cash balance plans. Groom attorneys have assisted a number of clients on these cash balance plan conversions. There have been a number of court cases challenging cash balance plan conversions, alleging that the conversions discriminated against older workers, and Groom has defended some of these cases. In 2006, Congress, at the urging of the Department of the Treasury, passed legislation that promulgated standards for cash balance plans and cash balance plan conversions. Groom attorneys were involved in helping shape the cash balance plan legislation on behalf of clients in the following manner:

- Testifying at a hearing of the Senate Committee on Health, Education, Labor and Pensions about cash balance plans on behalf of a trade association.
- Keeping a coalition of cash balance plan sponsors up to date on the cash balance legislation, particularly on whether the effective date of the legislation would adversely impact current cash balance plans and active litigation.
- Lobbying on behalf of a client that was being sued on account of a cash balance plan conversion.
- Providing information to key Congressional staff on the impact of the cash balance legislation on state sponsored plans that had many of the characteristics of cash balance plans.
- After the legislation was passed, working with the Internal Revenue Service (IRS) to address other issues pertaining to the IRS's issuance of determination letters for cash balance plans.