

# Response to: Presidential Memo on Pensions

*Ronald J. Ryan, CFA*  
*Founder & CEO*

Mr. President,

I applaud your memo of October 22 to the Secretaries of Treasury, Commerce and Labor. You gave them an order to review the Delphi pension matter and inform you “within 90 days of this memorandum of any appropriate action that may be taken, consistent with applicable law to (i) address affected Delphi retirees’ lost pension benefits and (ii) bring transparency to the decision to terminate the plan. This review shall include an evaluation of the feasibility of enacting legislation.”

The solution you are looking for can be found in the Butch Lewis Act (BLA) passed by the House through a bipartisan vote (all Democrats + 29 Republicans) on July 26, 2019 as H.R. 397. It has been awaiting approval by the Senate since then. The BLA would create a new agency under the Treasury Department called the Pension Rehabilitation Administration (PRA). The PRA would provide low-interest-rate loans to critical and declining multi-employer pensions at the 30-year Treasury rate plus a profit margin (@ 0.25%). The BLA would provide 100% payment of all retirees benefits in sharp contrast to the PBGC limit of \$12,870 for a 30-years of services retiree (\$35.75 x 12 months x years of service). The Council of Budget Office estimates the cost of the BLA at \$34 billion (if no loans are repaid), which can be minimized by the fact that all PRA loans come with a profit margin. Even at \$34 billion it is a small burden compared to the potential cost to cover 1.4 million workers’ pensions affected by the current pension crisis. The PBGC is not the answer... but the BLA is. I urge you to have the Senate approve the BLA legislation that is awaiting their approval for over 15 months now. Time is of the essence!

**God Bless Pension America!**

## **About Ryan ALM, Inc.**

Ryan ALM was founded by Ronald J. Ryan, CFA on July 12, 2004 as an Asset/Liability Management firm. The firm builds a turnkey system of proprietary synergistic products designed to measure liabilities as a Custom Liability Index (CLI) and manage assets to the CLI as Liability Beta Portfolios.

Ryan ALM is unique in having its own proprietary Index company named ALM Research Solutions, LLC. This company builds both custom and generic bond indexes. Such indexes range from Custom Liability Indexes to ETF Indexes.

Our Liability Beta Portfolio™ is our proprietary cost optimization model that "cash flow matches" clients projected liability benefit payment schedules at the least cost using investment grade bonds. It is back-tested since 2009 showing a consistent cost savings of 8% to 15%. Our LBP best represents the core portfolio of a pension plan.

Our team has been recognized for our expertise and results including Ron Ryan having won the William F. Sharpe Index Lifetime Achievement Award.