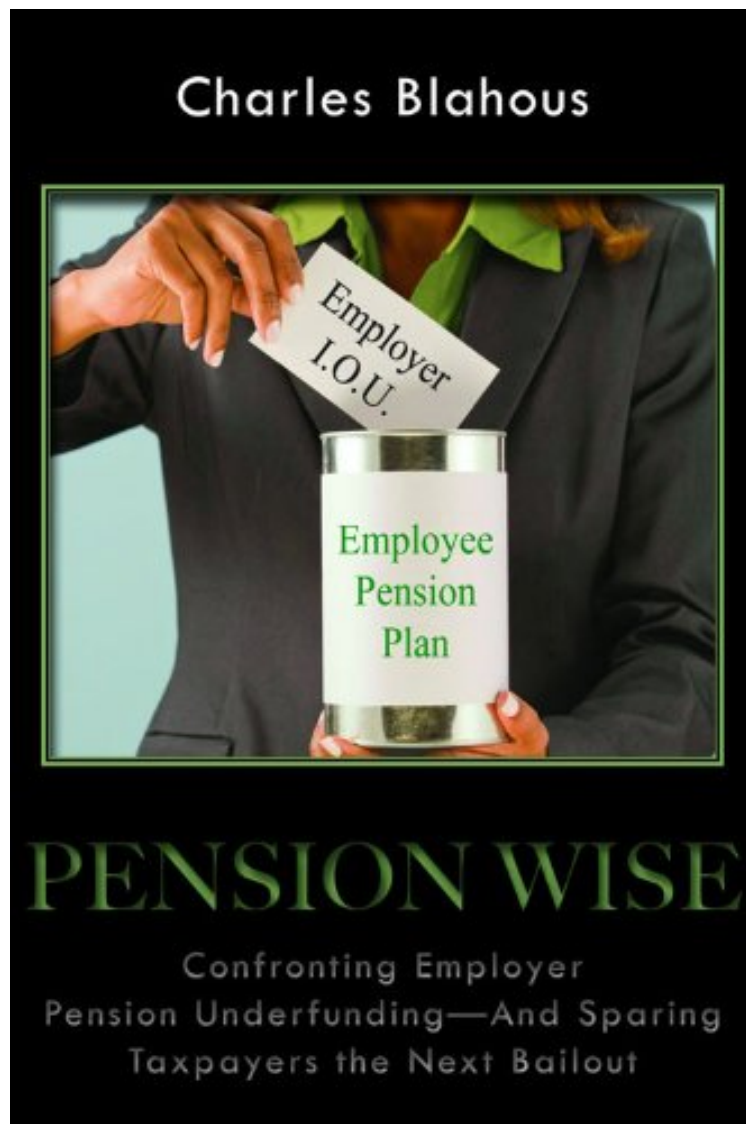


[FREE] Pension Wise: Confronting Employer Pension Underfunding—And Sparing Taxpayers the Next Bailout (Hoover Institution Press Publication)

Pension Wise: Confronting Employer Pension Underfunding—And Sparing Taxpayers the Next Bailout (Hoover Institution Press Publication)

Charles Blahous

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Charles Blahous : Pension Wise: Confronting Employer Pension Underfunding—And Sparing Taxpayers the Next Bailout (Hoover Institution Press Publication) before purchasing it in order to gage whether or not it would be worth my time, and all praised Pension Wise: Confronting Employer Pension Underfunding—And Sparing Taxpayers the Next Bailout (Hoover Institution Press Publication):

1 of 1 people found the following review helpful. Another Blahous classic!!!By Jason FichtnerThis monograph explores what could be the next major government bailout - the Pension Benefit Guaranty Corporation (PBGC). As Blahous points out in this short book, the PBGC currently faces a projected net present value deficit of \$21 billion in its single-employer pension program. Blahous does an excellent job describing how structural factors greatly inhibit the PBGC's ability to effectively protect the interest of pension plans and the American workers who are depending on those pensions for a secure and dignified retirement. In *Pension Wise: Confronting Employer Pension Underfunding - And Sparing Taxpayers the Next Bailout*, Blahous walks through the technical reasons behind the PBGC's worsening deficits, describes how the Pension Protection Act (PPA) of 2006 corrected some serious shortcomings to ensure pension plans are adequately funded (though continuing problems still remain), and explains the moral hazards that PBGC insurance places on the pension system in general. Blahous concludes with some general principles for pension reform and a discussion of the implications surrounding whether the PBGC shortfall should be funded with taxpayer dollars or by the pension plan community. This is a very good primer for anyone interested in understanding the pension crisis facing the PBGC. This book is also a good compliment resource to help people understand similar funding shortfalls facing Social Security, Fannie Mae and Freddie Mac, as well as the public pension crisis facing state and local governments.

Charles Blahous, one of the nation's foremost retirement security experts, explains the origins and dangers of current underfunding in our single-employer defined-benefit pension system and outlines the options for solving the problem and preventing the next taxpayer-financed bailout. He provides a tutorial on the basic workings of pension law, reviews the recent history that led to the worsening condition of the pension insurance system, and suggests a range of reforms to improve the system's operation and to resolve the projected shortfall.

"Blahous carefully and convincingly explains how our pension insurance system is perfectly designed to fail and what Congress needs to do to fix it before it is too late. This book should be required reading for every member of Congress, every pension plan participant, and every taxpayer." --Jeffrey R. Brown, William Karnes Professor of Finance and director for the Center for Business and Public Policy, University of Illinois
"Whether you agree or disagree, this book by Chuck Blahous, which addresses one of the most important issues in our society today--pension security--is thought-provoking and definitely worth a read." --Elaine L. Chao, former U. S. secretary of labor
"Pension Wise is required reading for anyone who wants to fully appreciate the challenges facing the defined benefit system and the potential risk to American taxpayers when companies default on their pension obligations. Blahous offers a rare triumvirate in policy analysis--a true insider's perspective on the development of pension reform legislation, real insight into the political and policy trade-offs involved, and in-depth understanding of the minutiae of pension finance and funding rules." --Bradley Belt, former executive director of the Pension Benefit Guaranty Corporation
From the Inside Flap
America's insurance system for single-employer pension plans, operated by the Pension Benefit Guaranty Corporation (PBGC), is under serious financial strain. Although PBGC's worsening deficit reflects, in part, current financial market conditions, it also reflects built-in inadequacies in our pension insurance system that predate the recent economic recession. In addition to the technical flaws of existing pension law, the current political process gives elected officials substantial incentives to prioritize the near-term financial considerations of employers and pension beneficiaries over the long-term fiscal health of the pension insurance system. There is a direct and predictable relationship between these problematic incentives and the failure of existing law to provide for adequately funded pensions.
Pension Wise: Confronting Employer Pension Underfunding - And Sparing Taxpayers the Next Bailout, Charles Blahous explains the origins and dangers of the current underfunding of our single-employer defined-benefit pension system and offers a range of options to improve the pension insurance system's operation and to resolve its projected shortfall. Blahous, one of the nation's foremost retirement security experts, examines the whys behind existing underfunding, which, he reveals, lie in the incentives facing both pension plan sponsors and the political actors who determine contribution requirements, premium levels, and the circumscribed powers of the PBGC. He begins with the basics: how we quantify the assets of pension plans, how we quantify their obligations, and how plan sponsors are required to make up any negative gap between the two. After describing the nuts and bolts of the obligations and incentives facing plan sponsors, he then reviews the recent history that led to the PBGC's current predicament. From there, he explores the processes underlying the determination of all of these factors, with special attention to the incentives facing all the actors in the process. He concludes with a summary of his recommended principles for pension insurance system reform. The deficit facing the PBGC, the author shows, has now grown to a size and exists in an economic environment such that it will almost certainly impose a significant cost on us all, no matter what we do. We must earnestly begin the work of determining how to limit those costs and, where we cannot limit them, how they can be fairly and transparently borne.