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## IBM requests IRS approval on pension plan

By Craig Wolf

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IBM Corp. has asked the Internal Revenue Service to OK its 1999 cash-balance pension plan.

The plan reduced pension benefits to some employees. It also sparked a controversy that led to Congressional hearings and a class-action lawsuit alleging age bias in federal court, brought on behalf of about 140,000 IBMers.

IBM posted notices on bulletin boards Wednesday stating it is asking for a "determination letter" on its Personal Pension Account plan as well as its 401(k) retirement plan.

Carol Makovich, a spokeswoman at IBM's Armonk headquarters, said the IRS letter would cover the 1999 changes made to the pension plan. No new changes are involved, and the filing is routine, she said.

"A determination letter is a written statement from the IRS that says that IBM's retirement plans meet the Internal Revenue Code's tax-qualification requirements," Makovich said. That means tax benefits apply.

Peter Plavchan, a Poughkeepsie IBM worker active with the Alliance@IBM labor group, said, "I just want to be sure that there are no further cuts to benefits at IBM."

The 1999 IBM pension plan conversion has never been ruled upon by the IRS.



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A wave of conversions to the cash-balance form of plans swept through corporate America in the late 1990s, but were halted by an IRS moratorium.

Janet Krueger, a leader of the IBM Employees Benefit Action Coalition, said several companies have posted such notices this week, suggesting an end to the moratorium. But an IRS spokesman reached after hours Wednesday couldn't say.

The notices went up on IBM bulletin boards to meet requirements that employees be told of a right to comment. Makovich said they can get a copy of the application and submit comments "on whether they believe the plans meet the tax code qualification requirements."

Krueger said, "An IRS determination letter only says that yes, after reviewing the plan, the IRS is not going to try to tax the money going into it. It doesn't make a full determination that it's legal."

At the Pension Rights Center in Washington, Karen Ferguson said, "I would think the employees would have great interest in whether the cash-balance conversion is in compliance with the laws."

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