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PBGC

IRS's W. Thomas Reeder Nominated To Lead PBGC; Pick Widely Lauded

President Barack Obama nominated W. Thomas Reeder Jr. as director of the Pension Benefit Guaranty Corporation, and initial reaction the day after was positive from various realms of the employee benefits community.

The White House made the announcement May 20 that the president was picking Reeder, who has held various government counsel positions over the past 15 years, to head an agency that has not had a permanent director since Joshua Gotbaum left in August. The administration said the next day that the nomination had been sent to the Senate for consideration.

"We have really enjoyed working with him, both in his capacity as benefits tax counsel" at the Treasury Department, as well as "on the Hill, and he truly wants to help people when you're working with him. So he's got a very good background for the position," said Jan Jacobson, senior counsel for retirement policy at the American Benefits Council.

Reeder has been health-care counsel at the Internal Revenue Service since March 2013. He joined the tax agency after serving as senior benefits counsel on the Senate Finance Committee staff for four years and in various counsel positions in Treasury's Office of Tax Policy from 2000 to 2009.

"You need somebody who knows the issues, somebody's who's been around the block, someone who's been involved" with the Employee Retirement Income Security Act "for a long time and somebody who knows all the players, and I think Tom definitely has all of that," said Karen Friedman, executive vice president and policy director at the Pension Rights Center.

Gotbaum said that Reeder, as benefits tax counsel at Treasury, would have been the George W. Bush administration's senior person in that department working on pension policy.

"Tom is very knowledgeable about retirement law and issues, he knows the PBGC and the institutions with which it works very well, and those are all real pluses," Gotbaum said. "He will have to learn to manage a 2,300-person, \$85 billion agency. Fortunately, the career staff are strong and will help him do it."

PBGC's Challenges. Reeder would take the reins of the agency as it faces various serious challenges.

The PBGC announced in its fiscal year 2014 annual report in November that the deficit for its multiemployer plan program had hit an all-time high of \$42.4

billion, more than five times its previous high the year before (41 BPR 2390, 11/25/14).

However, the single-employer plan program's deficit improved to \$19.3 billion, from \$27.4 billion the previous year (40 BPR 2654, 11/19/13).

Congress has sought to address the agency's financial problems by increasing single-employer plan premiums twice since 2012 (41 BPR 2225, 10/28/14), and passed legislation in December—later signed by the president—that doubled multiemployer plans premiums (41 BPR 2513, 12/16/14).

'Wealth of Pension Knowledge.' "Tom enjoys a high level of respect in the employee benefits community," said Harold J. Ashner, partner in the law firm Keightley & Ashner LLP, who was assistant general counsel for legislation and regulations at the agency, where he worked from 1984 to 2005.

"He is an excellent choice for leading PBGC as it grapples with many complex and significant issues. Tom has a wealth of pension knowledge that would serve him well in his new role."

Jeffrey B. Cohen, partner at Bailey & Ehrenberg PLLC in Washington, who specializes in ERISA litigation, said Reeder is a "great choice because of his benefits background, so his learning curve is not as large as someone new to the field. This is especially important as late as it is in the administration. He knows the players on the Hill and in the ERISA agencies and is well respected."

Gotbaum said there were candidates who didn't want to go through the rigors of the nominating process with the potential of being removed once Obama leaves office.

But, he said, "It's hard to imagine a stronger candidate to go through the nomination process than Tom Reeder. He is known and respected by both parties. He is recognized as an expert rather than a partisan."

The pick will be considered by the Senate Finance Committee, and the ranking member of that panel, Ron Wyden (D-Ore.), said in a statement that "Tom has, without question, the leadership skills, policy acumen and integrity to be a strong leader of this important agency. His leadership is especially important at this point in time when the trend is to move away from defined benefit pension plans, when the nation's savings rate remains low and budgets are tight at the PBGC. He is just the man we need at this moment and I urge my Senate colleagues to quickly confirm him."

By PHIL KUSHIN

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