

**NATIONAL EXECUTIVE COMMITTEE  
OF  
THE AMERICAN LEGION  
INDIANAPOLIS, INDIANA  
May 7-8, 2008**

**Resolution No. 1: American Legion Retirement Plan for Employees of the National Headquarters and Subordinate Groups Thereof—Plan Amendment to freeze future benefit service and monthly plan compensation as of June 30, 2008**

Submitted by: Finance Commission

WHEREAS, The American Legion Retirement Plan for Employees of the National Headquarters and Subordinate Groups Thereof (hereinafter “Plan”) was approved and adopted by the National Executive Committee in November, 1944, and amended in June 1946, May 1954, October 1954, October 1975, May 1983, May 1985, October 1986, October 1987, October 1993, October 1994, October 1995, May 2000, May 2003, May 2005, and May 2006; and

WHEREAS, The National Executive Committee adopted Resolution Number 27 during the Executive Committee Meeting, held on October 15-17, 2007, to Freeze, Split, or Amend the Plan in some fashion; and

WHEREAS, The Plan has always complied with federal laws governing pension benefit plans such as Employee Retirement Income Security Act (ERISA); and

WHEREAS, The recent change in laws and regulations pertaining to the Plan (a defined benefit plan), specifically the Pension Protection Act of 2006 (hereinafter “PPA”), which is actuarially projected to increase the volatility in the funding requirements of the Plan as to affect The American Legion’s cash flow, and the change in the Financial Accounting Standards Board (FASB) number 158, which may negatively impact the organization’s financial balance sheet; and

WHEREAS, Even though The American Legion has continually made more than the required minimum contribution to the Plan annually, any overfunded amount may not be considered in calculating future required minimum contributions under PPA 2006; and

WHEREAS, The Investment Policy of the National Finance Commission and the National Executive Committee has been appropriately prudent and has protected The American Legion, all participants and the assets and income of the Retirement Plan Trust as well as actually growing the Trust while benefits to existing long-term retirees were increased to assist them in facing inflation in the economy; and

WHEREAS, The American Legion is not the only organization facing this issue as all employers with defined benefit plans are being forced to deal with these recently imposed regulations, resulting in approximately two thirds of all defined benefit plans making changes to freeze plans in some fashion or terminate their plans over the past two-three years or announce they will take such action in the next two years; and

WHEREAS, The National Finance Commission, to avoid the excessive estimated additional contributions that will have to be made to the Plan in the future, have evaluated all aspects of this issue to determine what is best for The American Legion, subordinate groups, participants, retirees, employees and their families; now, therefore, be it

**RESOLVED, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on May 7-8, 2008, That the National Judge Advocate is hereby authorized and directed to draft any and all amendments to The American Legion Retirement Plan for Employees of The National Headquarters and Subordinate Groups thereof (hereinafter the "Plan") necessary to comply with all applicable federal statutes and regulations; and, be it further**

**RESOLVED, That said amendment to the Plan will include a freeze of all benefit service and monthly plan compensation for all active Plan participants as defined in the Plan document as of June 30, 2008; and, be it further**

**RESOLVED, That said amendment will allow continued vesting service for all active Plan participants who entered the Plan on or before January 1, 2008; and, be it further**

**RESOLVED, That the National Judge Advocate is hereby authorized and directed to draft any and all required documents to accomplish the changes set forth in this resolution and to insure that the Plan remains in full compliance with all applicable laws and regulations; and, be it finally**

**RESOLVED, That the National Commander be and he is hereby authorized and directed to execute any and all documents presented to him by the National Judge Advocate in connection with the revision of the Plan and the National Adjutant be and he is hereby authorized and directed to attest the same.**