

**NATIONAL EXECUTIVE COMMITTEE
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
October 17-18, 2007**

**Resolution No. 27: American Legion Retirement Plan for Employees of the
National Headquarters and Subordinate Groups Thereof—Freeze, Split, or
Amend**

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 Plan has always complied with federal laws such as ERISA; and

WHEREAS, Over the years, the laws and regulations pertaining to the Plan (a defined benefit plan) have changed, making the administration vastly more expensive and onerous and requiring ever-increasing contributions; and

WHEREAS, The American Legion has continually made more than the required minimum contribution to the Plan annually, even segregating funds until they could be contributed in accordance with Internal Revenue Service rules; and

WHEREAS, The Pension Protection Act of 2006 (PPA 2006) places more stringent funding obligations on The American Legion with respect to the Plan, which is projected to bring such volatility to the annual contribution requirements as to affect the American Legion’s cash flow and the Financial Accounting Standards Board Standard No. 158 requires greater balance sheet adjustments; and

WHEREAS, Some experts have forecasted further onerous standards changes from FASB; 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 years or announce they will take such action in the next two years; and

WHEREAS, Changes to the Plan are being considered by the National Finance Commission to avoid the excessive estimated additional contributions that will have to be made to the Plan in the future and will be recommended to the National Executive Committee when it reaches a final conclusion as to which changes may be 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 October 17-18, 2007, That the National Judge Advocate is hereby authorized and directed to draft an amendment to The American Legion Retirement Plan for Employees of The National Headquarters and Subordinate Groups thereof (hereinafter the "Plan") necessary to amend to include a split or freeze of the Plan as directed by the National Finance Commission the purpose of which is to avoid the exceedingly onerous contributions required by the Pension Protection Act of 2006 and the greater balance sheet disclosures required by the Financial Accounting Standards Board Standard No. 158; and, be it further

RESOLVED, That any change or amendment shall comply with all relevant law(s); and, be it further

RESOLVED, That said amendment shall be presented to the National Executive Committee by resolution at the May 2008 meeting for final consideration; and, be it finally

RESOLVED, That even though the action taken here does not specify which option will ultimately be affirmed and acted upon, 90 days informative notice will be given to each participating group no later than November 1, 2007 and that the sixty days notice, required by the Fourth Amendment to the Plan, specifically, Section 7.02, shall be given to all participants no later than November 1, 2007.