

## DOE Suspends New Policy on Reimbursing Contractor Pension Costs

In response to Congressional pressure, the Secretary of the Department of Energy, Samuel Bodman, issued a memorandum directing an immediate one-year suspension of the new DOE policy that for new employees would provide reimbursement only for market-based defined contribution pension costs and market-based medical benefits (see our May 26, 2006 [For Your Information](#)). During this suspension, the prior reimbursement standards will continue to apply.

Further, the memorandum instructs DOE personnel to consult with stakeholders, including Congress, to solicit their views concerning the desired change in policy governing reimbursement for contractors' pension and medical costs.

In a cover letter addressed to Congressman Pete Domenici, Chairman of the Committee on Energy and Natural Resources, Secretary Bodman indicated that DOE's accrued unfunded liability for contractor defined benefit pension and other postretirement benefits was \$11.6 billion as of fiscal year-end 2005 and the DOE is seeking to change its reimbursement policy in order to limit its future exposure.

Affected governmental contractors should contact their congressmen and senators to weigh in on this issue.

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