



AMERICAN BENEFITS
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Council strongly endorses Retirement Security Preservation Act
**At least 450,000 employees could lose future
benefits without legislative fix before 2020**

WASHINGTON, DC – “For the better part of a decade, we have been urging lawmakers to address the quirk in the nondiscrimination rules that effectively compels pension plan sponsors to stop making contributions for older, long-service workers. Now, the stakes have never been higher,” said Lynn Dudley, senior vice president, global retirement and compensation policy, today.

“We applaud Senators and longtime retirement policy champions Rob Portman (R-OH) and Ben Cardin (D-MD) for introducing the [Retirement Security Preservation Act \(RSPA\)](#), legislation that will provide immediate relief for defined benefit plan sponsors and participants,” Dudley said. The legislation was included in the [Setting Every Community up for Retirement Enhancement \(SECURE\) Act \(H.R. 1994\)](#), approved by the U.S. House of Representatives by a vote of 417-3. **“This bill and this issue highlight the importance of enacting the bipartisan SECURE Act and sending it to the president’s desk after the Senate returns in the fall.”**

When employer sponsors of traditional defined benefit pensions “soft freeze” their plans (close them to newly hired employees), they typically want to allow older, long-tenured employees to continue accruing greater pension benefits for the duration of their employment. However, as these grandfathered participants in the pension plan age and advance in the company, the plan can inadvertently be subject to regulations prohibiting discrimination in favor of “highly compensated” employees.

“This glitch in the nondiscrimination rules effectively penalizes employers for trying to ‘do the right thing’ for their older workers. It is compelling some employers to “hard freeze” their plans by ceasing accruals. This is something nobody wants to see happen,” Dudley said. As noted in

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Portman and Cardin's news release, the Council has determined that at least 450,000 participants could lose future pension benefits as of January 1, 2020, without a legislative fix.

"The RSPA improves on existing Treasury Department guidance by updating the testing rules while providing targeted relief to the many pension plans trapped by current law," Dudley said. "The RSPA is bipartisan, inexpensive and incredibly urgent. We strongly encourage Congress to address this issue as soon as possible."

For more information on the Council's retirement policy agenda, or to arrange an interview with Dudley, contact Jason Hammersla, Council vice president, communications, at jhammersla@abcstaff.org or by phone at 202-289-6700 (office) or (202) 422-4652 (cell).

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