

July 31, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20515

The Honorable Charles Schumer
Democratic Leader
U.S. Senate
Washington, DC 20515

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy, and Leader Schumer:

The signatories to this letter provide services to single-employer defined benefit plans that serve the retirement security needs of millions of Americans. We are strong believers in the pension system and its ability to provide guaranteed income for life for retirees.

Because of how closely we work with pension plan sponsors, we believe that we are uniquely situated to provide input on the real-life challenges being faced by sponsors of single-employer pension plans. Our plan sponsor clients will generally encounter marked increases in their required pension contributions for 2021, assuming that the market and interest rates stay constant through year end. In many cases, the increase will be 100%, and in other cases, the increase will be far more. And for many companies, these increases will cost tens of millions and for some hundreds of millions of dollars. With many companies facing historic declines in revenue, these funding obligations can pose a grave threat to our pension plan sponsors and their employees.

The single-employer funding provisions in the HEROES Act would be very effective in addressing these challenges – the provisions on interest rate stabilization and 15-year amortization. While those provisions are not the only possible solutions, acting now to grant more time to fund long-term pension promises will allow employers to direct their financial resources to economic recovery, to the benefit of employees and plan participants.

Congress has an opportunity to address this issue without spending any government money; in fact, the proposals raise revenue.

We ask for one thing with regard to single-employer defined benefit plans and the companies that sponsor those plans – that in the current stimulus package, you address the critical funding challenges faced by these companies, participants, and employees who so badly need help.

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Willis Towers Watson