



## AMERICAN BENEFITS COUNCIL

September 27, 2018

The Honorable Paul Ryan  
Speaker  
United States House of Representatives  
Washington, DC 20515

The Honorable Nancy Pelosi  
Minority Leader  
United States House of Representatives  
Washington, DC 20515

Dear Speaker Ryan and Leader Pelosi:

The American Benefits Council (Council) commends the House of Representatives for recognizing the importance of retirement savings through employer-sponsored retirement plans. The *Family Savings Act of 2018* (H.R. 6757) includes provisions that are very important to protecting and improving personal financial security. However, the bill is missing valuable bipartisan, bicameral proposals that would further enhance this goal and we hope those measures will be included as the legislative process moves forward.

The Council's members are primarily large, multi-state employer sponsors of employee benefit plans, as well as organizations that support employers of all sizes. Collectively, the Council's members either sponsor directly or provide services to retirement and health plans covering more than 100 million Americans.

H.R. 6757, as amended, has been improved by the elimination of a proposed study of Pension Benefit Guaranty Corporation (PBGC) premiums that appeared to start from the assumption that premiums are too low. PBGC's own very conservative calculations indicate that by 2027, the agency will have a large and growing surplus – over \$20 billion – in its single-employer termination insurance program. We commend the deletion of the study proposal from the legislation.

The Council thanks you for adding to the bill a safe harbor to facilitate the selection of an annuity provider by allowing employers to rely on state insurance commission information concerning the provider. This will make it easier for plan sponsors that want to pursue this additional form of distribution to do so.

After moving through the House, we hope H.R. 6757 will be conferenced on a bipartisan basis with RESA – the *Retirement Enhancement and Savings Act of 2018* (S. 2526) – following hoped-for approval of that measure by the Senate. There is a long and proud tradition of bipartisanship on retirement issues. That is how Congress has achieved so much in the past, and we believe that bipartisanship is the path to future success.

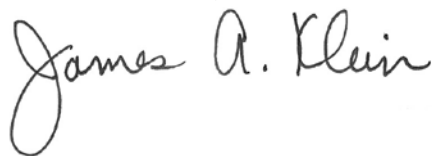
We are very pleased the bill includes “nondiscrimination” testing reform for defined benefit pension plans. This issue is very important for our member companies and their employees. Many companies sponsor different retirement plans for employees hired before or after a certain date. Under current law, companies that seek to protect older, longer-service employees by continuing to accrue benefits for them until they retire are precluded from doing so by the unintended effect of nondiscrimination rules. Eventually these companies are compelled to cease the accrual of additional benefits altogether; clearly a result that neither employers nor plan participants want to see happen. H.R. 6757 would allow employers in this situation to continue to accrue benefits for these older, longer-service employees. This valuable provision is included in RESA as well.

We also thank you for including multiple employer plan (MEP) reforms, including permitting “open MEPs” and eliminating the punitive “one bad apple rule,” under which compliant employers in a MEP are penalized for violations by other participating employers. Facilitating the use of MEPs will create far greater economies of scale, thereby reducing the cost of plan participation and broadening coverage for many, including for the so-called “gig” workforce. This proposal is also included in RESA.

There are a number of additional bipartisan, bicameral proposals included in RESA that would advance retirement security, and we urge their inclusion in the final bill. Among them is a key provision (also contained in separate bipartisan legislation in the House) that would conform PBGC premiums for pension plans serving multiple charities or cooperatives (CSECs) to the funding rules put in place for such plans by Congress in 2014.

Thank you for your recognition of the value of employer sponsored retirement plans. We look forward to working with you to advance retirement security.

Sincerely,

A handwritten signature in black ink that reads "James A. Klein". The signature is written in a cursive, flowing style.

James A. Klein  
President  
American Benefits Council