AMERICAN BENEFITS COUNCIL

November 19, 2019

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

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

Dear Majority Leader McConnell and Democratic Leader Schumer:

The American Benefits Council ("Council") urges the Senate to pass the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019, which includes provisions that are very important to protecting and improving personal financial security. Many of the provisions included in the SECURE Act are also included in bipartisan, bicameral legislation including the Retirement Enhancement and Savings Act (RESA) which was initiated by the Senate Finance Committee after extensive efforts to build consensus proposals that would strengthen retirement security.

The American Benefits Council is a Washington D.C.-based employee benefits public policy organization. The Council advocates for employers dedicated to the achievement of best-in-class solutions that protect and encourage the health and financial well-being of their workers, retirees and families. Council members include over 220 of the world's largest corporations and collectively either directly sponsor or support sponsors of health and retirement benefits for virtually all Americans covered by employer-provided plans.

Among the many valuable provisions included in the legislation is nondiscrimination testing reform for defined benefit pension plans. This issue is very important for our member companies and their employees. Indeed this change is very important for the nation's pension system. Participants all across the country are counting on Congress to prevent the loss of pension income by passing the SECURE Act.

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. The SECURE Act would allow older longer service employees to continue to accrue benefits.

The longer the SECURE Act's passage is delayed, the more people whose retirement finances will be hurt. Many companies will be forced to make the decision to discontinue these pension plans. Based on data received from just a few of the plan sponsors of U.S. consulting firms, more than 400,000 employees risk losing their pension benefits in 2020. This number covers only a portion of the total number employees that are currently at risk. Over time, the numbers could become worse due to the aging of the participants in the plans, and shrinking workforces.

There are a number of additional bipartisan, bicameral proposals in the SECURE Act that would advance retirement security, including:

- Multiple employer plan (MEP) reforms would overcome current regulatory limitations and fully permit "open MEPs" creating greater economies of scale, and thereby reducing the cost of plan participation and broadening coverage for many, including those in the so-called gig workforce.

- The age 70½ trigger for required minimum distributions would be raised to age 72, effective for distributions after 2019 with respect to individuals who attain age 70½ after 2019.

- The automatic escalation 10% cap would be increased to 15% on safe harbor automatic enrollment arrangements.

- Premiums paid to the Pension Benefit Guaranty Corporation (PBGC) by plans serving multiple charities or cooperatives (CSEC plans) would be reduced to the levels in effect before 2006, consistent with both funding rule changes and the very low risk these plans pose to the PBGC.

- A workable fiduciary safe harbor would be added for plan sponsors selecting an annuity provider for defined contribution retirement savings plans.

- Portability of lifetime income products voluntarily offered in defined contribution plans would be improved.

- Time-sensitive aid for church retirement plans and church-affiliated retirement plans that are being forced to comply with a statutorily unsupported IRS ruling.

Thank you for your recognition of the value of employer sponsored retirement plans.

Sincerely,

Lynn D. Dudley
Senior Vice President, Global Retirement & Compensation Policy

cc: The Honorable Charles Grassley, chairman, Senate Finance Committee
The Honorable Ron Wyden, ranking member, Senate Finance Committee