

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 Minority Leader Schumer:

As leading pension actuaries for our national consulting firms, we are writing to express our support for crucially important legislative relief for single-employer defined benefit pension plans. Our firms provide human resources consulting and actuarial services that help many thousands of companies provide benefits programs to millions of Americans. We believe immediate action is needed to mitigate an impending crisis in our nation's retirement system and to aid the businesses that provide these benefits. Many of the companies asking for these proposals make products or provide services that are critical to fighting the COVID-19 pandemic and all of these employers contribute enormously to the country's economy.

We urge you to include the following in the stimulus legislation currently under consideration:

- (1) A delay in pension funding contributions for single-employer plans.
- (2) Substantive pension funding stabilization proposals for single-employer pension plans.

In addition, to preserve sponsor flexibility to continue normal pension operations and meet participant expectations in these challenging times, we support an option to use a plan's 2019 funded status for purposes of applying benefit restrictions for the 2020 plan year.

The current funding rules, implemented by the Pension Protection Act of 2006, will still require many employers to make substantial contributions to their pension plans, at a time when cash is critically needed elsewhere. However, there is no immediate need for cash in these pension plans.

The Pension Benefit Guaranty Corporation's Single-Employer Program, which backstops the country's single employer pension system, is currently in surplus and has a much more limited exposure to recent market downturns than the pension plans that it covers. Providing stabilization and a delay in funding obligations poses less of a threat to PBGC than does the potential for widespread bankruptcies among plan sponsors. Allowing sponsors to defer funding obligations that would otherwise apply over the next few years, and that may be particularly difficult to meet while credit markets are having trouble addressing employers' liquidity needs, will help to avert those bankruptcies – and corresponding job losses -- and thereby will ultimately support the interests of both PBGC and plan sponsors.

Since PBGC only takes over a plan in the event of a bankruptcy, it is all the more critical that a delay in contribution and substantive funding stabilization be included in the stimulus legislation. These immediate challenges cannot be met with measures outside of the legislative process.

Allowing an option to use a plan's prior year funded status for benefit restrictions for plan years will avoid substantial disruption to hundreds, if not thousands, of plans at a time when sponsors will not have the resources to effectively handle the disruption. It will also avoid depriving millions of participants of benefit options they are currently entitled to.

In light of the current crisis, we support pension funding stabilization and a delay in funding obligations. This relief will allow companies to effectively deploy cash to weather the immediate crisis and reduce the amount of near-term borrowing needed to sustain their businesses (which may not be available), while still making provision for the longer-term funding of pension promises as we recover together as a country.

Signed,

Michael A. Archer

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