



AMERICAN BENEFITS COUNCIL

November 28, 2016

The Honorable Vern Buchanan
United States House of Representatives
2104 Rayburn House Office Building
Washington, DC 20515-0916

Dear Representative Buchanan,

On behalf of the American Benefits Council (“the Council”), I am writing today to applaud you on the introduction of the Retirement Security for American Workers Act. This bill would greatly expand opportunities for small employers to band together in a common “multiple employer plan” (“MEP”) and thereby achieve many of the economies of scale available to large employers.

Many Americans lack access to a private retirement plan that can help deliver retirement security. This lack of coverage is most acute within the small business community because small businesses can only spread the fixed costs of retirement plans among a small number of employees. Thus, the per-employee cost of retirement plans is much higher for smaller employers. Expanding coverage amongst small businesses is important to all plan sponsors, even large employers currently sponsoring retirement plans, because it strengthens the overall voluntary system and helps ensure consistency of coverage through employees’ working lives.

MEPs can address this problem very directly and very effectively. If a small employer joins a MEP with many other small employers, the fixed costs of the plan are spread among the employees of all the participating employers, thus dramatically reducing the per-employee costs.

Today, MEPs are hindered by two problems: (1) a prohibition on unrelated employers joining together in a MEP, and (2) a penalty system that exposes all employers in a MEP to liability based on the failure of one employer to comply with the rules. Your bill would solve both of these problems and in doing so, would make MEPs available to far more small businesses. We believe that your bill would enable countless small employers across the country that currently do not have a plan to join MEPs and

provide retirement benefits to millions of employees who deserve access to retirement security.

We commend you on your leadership and stand ready to help in any way we can to get this important bill enacted into law.

Sincerely,

A handwritten signature in black ink that reads "Lynn D. Dudley". The signature is written in a cursive, flowing style.

Lynn D. Dudley
Senior Vice President,
Global Retirement and Compensation Policy
American Benefits Council