



July 18, 2017
NR 2017-14

NEWS RELEASE

For additional information:

Jason Hammersla
202-289-6700

Council letter to Senate Finance Committee:
**Successful employer-sponsored benefits system
depends on smart, forward-thinking tax policy**

WASHINGTON, DC – “Smart and effective tax policy is the foundation of American economic growth and, not coincidentally, it is also the basis of our employer-sponsored health and retirement benefits system, which helps hundreds of millions of American workers thrive,” American Benefits Council President James A. Klein said in [a July 17 letter](#) to Senate Finance Committee Chairman Orrin Hatch (R-UT).

With lawmakers accelerating their consideration of comprehensive tax reform legislation, the Council is seizing this opportunity to underscore the success, popularity and importance of workplace health and retirement plans. The Council’s letter describes why the tax incentives for employer-based plans should be preserved and strengthened.

“Employer health plans cover more than [177 million Americans](#), and workplace retirement plans cover more than [132 million total participants](#). But it’s not just individuals and families who benefit from a strong employer system. The federal government also relies on these plans to reduce the burden on federal safety net programs,” Klein said.

The Council’s letter includes two appendices, each setting forth specific recommendations for policymakers as they develop a tax reform measure.

Health Policy: the Council urges Congress to:

- Address the underlying source of high health care costs by aligning payments with quality outcomes through a variety of strategies.

- Repeal the 40 percent “Cadillac Tax” on employer plans and reject new proposals to tax employees’ health benefits.
- Repeal the employer mandate and reduce employer reporting burdens, required by the Affordable Care Act.
- Expand the availability and flexibility of consumer-directed plan designs, such as Health Savings Accounts.
- Preserve ERISA’s uniform standard for plan administration.

“Throughout the health care debate, we have sought to advance the same underlying goals shared by stakeholders and lawmakers on both sides of the aisle: a thriving employer-sponsored system, a stable individual market for those without employer coverage and meaningful long-term reductions in health care costs,” Klein said. “We will continue to advocate for these objectives in tax reform as well.”

Retirement Policy: consistent with the [ten principles for a national retirement savings policy](#) outlined earlier this year, the Council urges Congress to:

- Build on the existing employer-sponsored system by expanding opportunities for individuals to save and reducing regulatory burdens that discourage plan sponsorship.
- Avoid “Rothification,” under which retirement plan contributions would be required to be made exclusively on an after-tax basis.
- Ensure protection of employer-based plans from state mandates.
- Establish updated uniform rules for electronic communication.
- Prevent acceleration in the decline in the defined benefit system.

“Americans’ retirement savings should not be viewed by policymakers as a ‘piggy bank’ to pay for other tax priorities. Rather than taxing contributions to retirement plans, we should be encouraging individuals to invest in their future, which is good for taxpayers and the nation’s economy,” Klein said.

For more information on tax policy matters, or to arrange an interview with Klein, contact Jason Hammersla, Council senior director of communications, at jhammersla@abcstaff.org or by phone at 202-289-6700 (office) or (202) 422-4652 (cell).

###

The American Benefits Council is the national trade association for companies concerned about federal legislation and regulations affecting all aspects of the employee benefits system. The Council’s members represent the entire spectrum of the private employee benefits community and either sponsor directly or administer retirement and health plans covering more than 100 million Americans.