March 2, 2021

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

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

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

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi, Leader Schumer, Leader McCarthy, and Minority Leader McConnell:

As retirement plan sponsors and providers, we are writing to express our strong support for the single-employer funding stabilization provisions in the budget reconciliation bill reported out by the House Ways and Means Committee. Stabilizing pension funding obligations now will help companies effectively meet immediate funding needs so they can more quickly focus on employees and recovery from the devastating economic impact of the coronavirus pandemic.

The two proposals included in the reconciliation bill would go a long way to addressing the concerns we have about the impact of escalating funding obligations. One proposal extends and enhances "interest rate stabilization," which adjusts current interest rates to be closer to historical norms. The other proposal allows employers to pay for long-term pension liabilities, including those attributable to the crisis, over 15 years instead of seven years.

The economic consequences of the COVID-19 pandemic on business operations have created significant challenges for companies across the country. It has exacerbated challenges plan sponsors of defined benefit pension plans faced prior to the pandemic from continued historically low interest rates, which have inflated pension contributions to an extreme degree. Of course, the fact that interest rates have continued to fall during the crisis makes this situation even more serious.

For many companies, reduced company revenue combined with the low interest rates are creating the perfect storm in which pension plan funding obligations are soaring while company revenues are significantly reduced.

The time to act is now. Companies are making plans to meet their obligations for the coming months and years. The longer we wait to enact funding stabilization legislation, the more companies will be forced to take otherwise unnecessary cost-cutting measures – measures that run counter to the goal of restoring the U.S. economy as quickly as possible.

The funding stabilization proposals can be made without harming the Pension Benefit Guaranty Corporation (PBGC) to which we pay premiums and in which we are stakeholders. In fact, based on the recent Congressional Budget Office (CBO) report, the PBGC's financial condition would improve substantially – by $9 billion -- if the proposals described above were enacted. Similarly, these proposals would not cost the U.S. government anything if enacted, but rather would increase revenues by $22 billion, according to the Joint Committee on Taxation.

We urge Congress to pass as soon as possible the pension funding reforms in the Ways and Means reconciliation bill, which have been extensively reviewed and vetted in the many months since they were first proposed by the House in the HEROES Act – including by the Joint Committee on Taxation and the CBO. Such reforms would greatly enhance the ability to invest in employees and businesses, and thus to help shore up the U.S. economy, during this critical time.

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