



# AMERICAN BENEFITS COUNCIL

May 21, 2019

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 and Leader McCarthy:

The American Benefits Council (Council) commends the U.S. House of Representatives for recognizing the importance of retirement savings through employer-sponsored retirement plans. In a major step forward the **Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019** 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 such as the Retirement Enhancement and Savings Act (RESA), as introduced in the Senate.

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 workers, retirees and families. Council members include over 220 of the world's largest corporations as well as organizations serving employers of all sizes. Collectively, our members directly sponsor or administer health and retirement benefits for virtually all Americans covered by employer-sponsored plans.

We are very pleased the bill includes “nondiscrimination” testing reform for defined benefit pension plans. This issue is very important for our member companies and their employees. 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 employers in this situation to continue to accrue benefits for these older, longer-service employees.

We also thank you for including multiple employer plan (MEP) reforms, including permitting “open MEPs” and eliminating the punitive “one bad apple rule,” under which compliant employers in a MEP are penalized for violations by other participating employers. Facilitating the use of MEPs will create far greater economies of scale, thereby reducing the cost of plan participation and broadening coverage for many, including for the so-called “gig” workforce.

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

- 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.

Thank you for your recognition of the value of employer sponsored retirement plans. We look forward to working with you to advance retirement security.

Sincerely,



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

CC: The Honorable Steny Hoyer, Democratic Leader  
The Honorable James Clyburn, Democratic Whip  
The Honorable Steve Scalise, Republican Whip  
The Honorable Richard Neal, Chairman, House Ways and Means Committee  
The Honorable Kevin Brady, Ranking Member, House Ways and Means Committee