May 18, 2010

The Honorable George Miller Chairman, Education and Labor Committee United States House of Representatives Washington, DC 20515	The Honorable John Kline Ranking Member, Education and Labor Committee United States House of Representatives Washington, DC 20515
The Honorable Charles B. Rangel Chairman, Ways and Means Committee United States House of Representatives Washington, DC 20515	The Honorable Dave Camp Ranking Member, Ways and Means Committee United States House of Representatives Washington, DC 20515

Dear Chairman Miller, Chairman Rangel, Ranking Member Kline and Ranking Member Camp:

We are writing to express our support for pension funding relief legislation and to urge that you allow companies a little extra time to meet their pension funding requirements. The American Benefits Council is a trade association representing primarily large employers and other organizations that directly sponsor or provide services to health and retirement benefit plans serving over 100 million Americans.

Legislation to allow temporary pension funding relief has been attached to the Senate extenders package (H.R. 4213) and some form of relief is expected to be brought before the House of Representatives this week. We need your help to get funding relief enacted into law. It is critical that funding relief not be weighed down by controversial and unrelated issues that make it difficult to pass the legislation or that disproportionately increase burdens on employer sponsors of retirement plans. In addition, it is vital that funding relief be passed without onerous conditions or requirements that must be met as a condition of taking the relief.

Many companies are under pressure to divert large amounts of cash from other corporate priorities, including current job retention and creation, to inflated pension contributions. Pension funding requirements were made significantly stricter with the passage of the Pension Protection Act of 2006 (PPA), when our nation's economic outlook was much brighter. Without further legislative action, the unexpected funding obligations that we are facing as a result of recent economic conditions could continue to worsen unemployment in many companies and slow economic recovery.

We urge you not to underestimate the economic challenges facing companies today and the impact those challenges have on workers. The conditions and additional requirements that are placed on employer sponsors of defined benefit plans should be balanced against whether such new requirements require companies to expend already scarce resources appropriately. In the case of fee disclosure legislation, the Council has consistently urged Congress to coordinate with the Department of Labor and their impending guidance so that the result is not unnecessary expenditures, confusion or delay for plan sponsors or employees. For example, if the effective date of the fee disclosure legislation is too soon, plans will have to modify their administrative systems twice – once to comply with the new legislation and once to comply with the regulations under that new legislation. This alone will cost plans and participants many millions of dollars. A fee disclosure bill should not have the ironic and unintended effect of increasing costs to participants. The tough economic times we have incurred call for pragmatism and focus on the job at hand: saving and creating jobs, not increasing costs.

Finally, if meeting onerous pre-conditions is the cost for taking pension funding relief, it will significantly reduce the value of relief and deter companies from taking relief that would be helpful to their business. We are concerned that good intentions notwithstanding, efforts to pick companies that will and will not qualify for pension funding assistance will result in adverse and unwanted effects.

The Pension Protection Act already imposes severe cash requirements on plan sponsors for sponsoring a defined benefit pension plan. We ask that the Congress ease this requirement temporarily so that, in time, we can return our plans to full funding.

We appreciate your consideration and look forward to working with you and your staff to advance legislation that will promote America's economic recovery and reinvestment, while securing sound long-term pension plan funding. If you would like additional information, please contact Lynn Dudley at (202) 289-6700 or ldudley@abcstaff.org.

Sincerely,

James A. Klein

James A. Klein
President

CC: All members, U.S. House of Representatives