



# AMERICAN BENEFITS COUNCIL

April 2, 2019

The Honorable Richard Neal  
Chairman  
Ways and Means Committee  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Kevin Brady  
Ranking Member  
Ways and Means Committee  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady:

The American Benefits Council commends you on the inclusion of several important retirement policy provisions in an “Amendment in the Nature of a Substitute” to be considered shortly by the U.S. House of Representatives Ways and Means Committee. The combined impact of many components of this legislation will provide enhanced retirement security for millions of American workers.

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.

The legislation under consideration by the committee reflects a combination of two bipartisan measures designed to enhance retirement income security. These are the **Setting Every Community Up for Retirement Enhancement Act of 2019** (“SECURE Act”), cosponsored by Chairman Neal, Ranking Member Brady and Representatives Ron Kind and Mike Kelly, and the **Providing Retirement Security to Workers in Small Businesses, Cooperatives, and Service Organizations Act of 2019**, cosponsored by Representatives Kind and Kelly.

We applaud you for including reforms to nondiscrimination testing for “closed” defined benefit pension plans. This issue is critically important for numerous Council member companies and others that have been compelled to close pension plans to

newly hired workers but have sought to protect older, longer-service employees who are nearer to retirement by continuing to accrue benefits for the duration of their employments. Under current law, due to unintended effects of the nondiscrimination regulations, these companies will eventually be required to “freeze” the plan completely and thereby cease benefit accruals. Fixing this problem is an urgent matter that Congress can no longer delay. Each year that passes without the necessary legislation correction results in more companies facing the choice of freezing the plan or failing the nondiscrimination tests.

We also commend you for including multiple employer plan (MEP) reforms, including permitting so-called “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 in the MEP. Facilitating the use of MEPs will create greater economies of scale, thereby reducing the cost of plan participation and broadening coverage.

Numerous other valuable bipartisan, bicameral proposals are addressed in the legislation 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.

Other proposals included in the measure illustrate the growing importance of financial well-being and plan communications. Employers are the impetus for innovations in program design that achieve demonstrated results in improving both financial capability and retirement savings outcomes. We look forward to working with you to ensure continued support of these efforts.

There is a long and proud tradition of bipartisanship in the Ways and Means committee on retirement policy issues. That is how Congress has achieved so much in the past and it represents the path to future success. Thank you for your continued commitment to sound retirement income policy.

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 & Compensation Policy

cc: Members of the Ways and Means Committee