



AMERICAN BENEFITS
COUNCIL

November 13, 2015
NR 2015-22

NEWS RELEASE

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Council: Congress must stop further PBGC premium increases

Premium hikes unjustified; side-stepping normal legislative process leads to bad policy

WASHINGTON, DC – American Benefits Council President James A. Klein sharply criticized congressional leadership today for its recent action to increase Pension Benefit Guaranty Corporation (PBGC) premiums despite a lack of evidence that increases were needed. In a November 13 letter Klein also took issue with the legislative process used to enact the increases.

As part of the Bipartisan Budget Act of 2015, Congress offset some of the cost of the measure by including more than \$4 billion in increased premiums paid to the Pension Benefit Guaranty Corporation (PBGC) by employers who sponsor defined benefit pension plans.

The Council's letter notes that the PBGC's most recent 10-year projections show a very healthy single employer program, which Congress ignored in its search for revenue. Moreover, the Klein pointed to reports issued by the Council and the PBGC itself that draw the correlation of premium increases and a shrinking based of premium payers as continued increases drive employers away from pension plan sponsorship.

Klein's letter also expressed serious concern that the relevant committees of jurisdiction with expertise over pension matters were side-stepped in the effort to quickly assemble a budget deal.

“We believe in the ability of Congress to work constructively to find answers to important issues that must be addressed because Congress has a long track record in this regard. However, the trend over the past few years to increase PBGC premiums to offset deficit spending elsewhere in the federal budget, without regard to the true financial condition of the PBGC, reflects poorly on the legislative process,” Klein said.

For more information on retirement policy issues, or to arrange an interview with Klein or Lynn Dudley, senior vice president, global retirement and compensation policy, please contact Jason Hammersla, Council senior director of communications, at jhammersla@abcstaff.org or by phone at 202-289-6700 (office) or (202) 422-4652 (mobile).

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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.