

July 30, 2019

The Honorable Derek Kilmer
U.S. House of Representatives
410 Longworth House Office Building
Washington, D.C. 20515

The Honorable George Holding
U.S. House of Representatives
1110 Longworth House Office Building
Washington, D.C. 20515

The Honorable Anthony Gonzalez
U.S. House of Representatives
1023 Longworth House Office Building
Washington, D.C. 20515

Dear Representatives Kilmer, Holding, and Gonzalez:

Thank you for your leadership in introducing the Pension and Budget Integrity Act of 2019 (“PBIA”). As organizations representing employers who sponsor defined benefit plans and pension plan chief investment officers, we strongly support this important legislation that would ensure that Pension Benefit Guaranty Corporation (PBGC) premiums are only used to fund the PBGC’s mission, as Congress originally intended.

When PBGC was established in 1974 to guarantee private sector defined benefit pension plans, insurance premiums were intended for one purpose: to ensure adequate funds to cover pension plan liabilities if an employer sponsoring a pension plan enters bankruptcy.

However, a 1980 change in law to make PBGC premiums “on budget” allowed premiums to be counted as general fund revenue for purposes of budget scoring.

As a result of this budget gimmick, premiums for single-employer plans have been increased to “pay for” unrelated programs. These increases add uncertainty and make plans more expensive. Essentially, they are tax increases on employers that sponsor defined benefit plans and jeopardize employers’ ability to continue to offer defined benefit plans.

Your legislation would eliminate the ability to raise premiums to pay for unrelated initiatives and programs, and it would better ensure pension benefits to eligible workers and greater security for plan sponsors. PBGC premiums only should be increased as needed to protect the benefits that they protect.

The PBIA is common-sense legislation that would restore Congress’s original intent with regard to PBGC premiums that employers pay. It will bring accountability back to the budget process. We again thank you for your leadership on this issue and strongly support this legislation.

Sincerely,

American Benefits Council

American Retirement Association

Committee on Investment of Employee Benefit Assets

National Association of Manufacturers

The ERISA Industry Committee (ERIC)

U.S. Chamber of Commerce