

August 25, 2020

The Honorable Gordon Hartogensis
Director Pension Benefit Guaranty Corporation
1200 K St., NW Washington, DC 20005

Dear Director Hartogensis:

The ERISA Industry Committee (ERIC) is writing to request that the Pension Benefit Guaranty Corporation (PBGC) reconsider its position that contributions delayed under the CARES Act cannot be included in VRP calculations. In July, the PBGC issued FAQs, entitled “COVID-19-Related Single Employer Plan Sponsors and Administrators Questions and Answers,” that provide guidance under the CARES Act for the extension of deadlines for single-employer contributions and premiums. ERIC member companies appreciate work of the PBGC and this guidance to help employers implement rules to help during this crisis and encourage the PBGC to further provide needed assistance.

Under the CARES Act, an employer is permitted to delay funding contributions that are otherwise due in 2020 to January 1, 2021. This provision is important to employers during the crisis by allowing them to divert current cash preserves to jobs and infrastructure. The [FAQ](#) clarifies reporting and disclosure requirements due to the delayed contribution requirements. However, the guidance states that only contributions submitted to the plan by the original premium due date can be included in the variable rate premium (VRP) calculations. Prohibiting the use of delayed contributions in the VRP calculations diminishes the help to employers that the CARES Act was meant to provide. As such, we urge the PBGC to re-issue guidance that will allow contributions made by the delayed contribution date to be included in the 2020 VRP calculations.

We understand that the VRP is important to the on-going financial stability of the PBGC. However, the on-going viability of plan sponsors is even more important to the PBGC. Therefore, we hope that the PBGC will reconsider this guidance and allow for the full benefit that the delayed minimum contributions was meant to provide.

If you have any questions or would like to discuss further, please do not hesitate to contact me at arobinson@eric.org or (703) 899-7780.

Sincerely,



Aliya Robinson
Senior Vice President, Retirement and Compensation Policy
The ERISA Industry Committee