

Statement by the ERISA Industry Committee
to the
Senate Committee on Finance's Social Security, Pensions, and Family Policy Subcommittee
Hearing on
Investigating Challenges to American Retirement Security

December 9, 2020

Chairman Portman, Ranking Member Brown, and members of the Social Security, Pensions, and Family Policy Subcommittee, thank you for the opportunity to submit a statement for the record on behalf of The ERISA Industry Committee (ERIC) on challenges facing retirement security. ERIC is the only national association that advocates exclusively for large employers on health, retirement, and compensation public policies at the federal, state, and local levels. ERIC's members are leaders in every industry sector and provide comprehensive retirement benefits to tens of millions of active and retired workers and their families across the country. As such, ERIC has a strong interest in policies that impact employers' ability to provide cost-effective retirement programs and the ability of employees to receive such benefits.

Throughout the COVID pandemic, Congress has been mindful of the continued importance of retirement savings and security. As we start our economic recovery, retirement security becomes even more important. To increase retirement security, we recommend immediate action that Congress can take in response to COVID and longer-term strategies that can increase retirement savings even beyond the current COVID crisis.

ERIC member companies are working hard to keep their businesses viable, to keep workers employed, and to continue providing benefits. Each member company has a different situation, but all of them can benefit from changes in the tax code to help them support their workers and their workers' retirement security. ERIC very much appreciates the retirement provisions in the "The Coronavirus Aid, Relief, and Economic Security (CARES) Act" and thanks the Subcommittee, and all Senate members, for their work on this bill. To further support the financial and retirement security of workers and retirees, ERIC encourages Congress to implement the following provisions:

- **Relief for single-employer pension plans** – provide extensions of the amortization period and the pension funding stabilization percentages as stated under the “Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act” (H.R. 6800)
- **Reform of the multiemployer pension plan system**
- **Strengthening of retiree health care by expanding permissible transfers under IRS Code section 420 to pay for retiree health and retiree life insurance benefits**

- **Supporting 401(k) retirement plans by allowing catch-up contributions** for those impacted by COVID-19
- Temporary **relief from testing requirements** for employers that reinstate 401(k) matching contributions for the 2020 plan year – administrative testing requirements should not deter employers from reinstating their valuable retirement plan matching contributions

ERIC applauds the work of Chairman Portman and Senator Cardin on The Retirement Security and Savings Act (S. 1431), introduced May 13, 2019, which recognizes the cost and compliance burdens imposed on pension and retirement plans and the looming student loan debt crisis, impacting retirement savings. This bill is an essential step in building upon “The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019” and increasing the retirement security of workers and retirees. Numerous proposals in the bill address these challenges and support employers in providing critical benefits to their employees, retirees, and families. ERIC is particularly encouraged that the bill:

- **Encourages increased retirement savings** by expanding the automatic enrollment safe harbor and allowing for "matching contributions" for student loan payments
- **Protects retiree health care and life insurance benefits** by expanding the use of transfers from generously overfunded pension plans
- **Updates outdated retirement provisions** relating to mortality tables and the required minimum distribution age
- **Eases administrative burdens on plan sponsors** by expanding the self-corrections process and consolidating notice requirements
- **Expands the RMD age from 70 ½ to 75**
- **Provides additional savings opportunities for those close to retirement** by increasing the catch-up limit in plans to apply at age 60 to \$10,000 per year

In addition, as the subcommittee moves forward, ERIC encourages the Senate Finance Committee to consider policies that would further support the financial and retirement security of workers and retirees by:

- **Recovering retirement plan overpayments** from innocent participants and their future payments¹
- **Creating a pension registry** to help plan sponsors locate hard-to-find plan participants
- **Modernizing the definition of a highly compensated employee (HCE)**, which maintains the key policy objective of the nondiscrimination rules by assuring that the

¹ This provision was included in the “Securing a Strong Retirement Act of 2020” (H.R. 8696)

qualified plan benefits an appropriate portion of employees without management or decision-making power

- **Promoting emergency savings funds** that allow defined contribution plans to permit participants to withdraw or use limited, pre-tax elective deferrals for critical short-term financial needs without imposing an early distribution tax penalty

ERIC and our large employer plan sponsor members look forward to continued conversations with you and other interested parties to advance these measures and explore additional provisions that can be included to further promote retirement security for working Americans further. Thank you for the opportunity to share our concerns during this Subcommittee hearing. If you have any questions, please contact me at arobinson@eric.org or by calling 202-789-1400.

Sincerely,



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