ERIC | THE ERISA INDUSTRY COMMITTEE
Shaping benefit policies before they shape you.

ALIYA ROBINSON
Senior Vice President, Retirement and Compensation Policy

Statement by The ERISA Industry Committee to the
U.S. House Education and Labor
Subcommittee on Health, Employment, Labor & Pensions
Hearing on
Examining Pathways to Build a Stronger, More Inclusive Retirement System

June 23, 2021

Chairman DeSaulnier, Ranking Member Allen, and Members of the House Health, Employment, Labor, and Pensions Subcommittee, thank you for the opportunity to submit a statement for the record on behalf of The ERISA Industry Committee (ERIC) on building a more inclusive, retirement system. 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.

ERIC member companies are working hard to keep their businesses viable, to keep workers employed, and to tailor their benefits to the needs of their workforce, often enhancing them to address needs during the pandemic, as allowed by law. Each member company has a different situation, but changes in ERISA would help all of them support their workers and their workers' retirement security. ERIC very much appreciated the retirement provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act and in the American Rescue Plan Act of 2021 which provided immediate aid to retirement plan participants and sponsors. To further support the financial and retirement security of workers and retirees, ERIC encourages Congress to implement the following provisions:

- **Allow for "matching contributions" for student loan payments** to encourage increased retirement savings
- **Ease administrative burdens on plan sponsors** by expanding the self-corrections process and consolidating notice requirements
- **Expand the required minimum distribution (RMD) age from 70½ to 75**
- **Stop unnecessary and harmful PBGC premium increases**, that are implemented as part of a budget gimmick and outside of established policy procedures
- **Provide additional savings opportunities for those close to retirement** by the increasing catch-up limits in plans
- **Clarify the recovery process for retirement plan overpayments** from innocent participants and their future payments
- **Create a pension registry** to help plan sponsors locate hard-to-find plan participants

- **Modernize the definition of a highly compensated employee (HCE),** while maintaining the key policy objective of the nondiscrimination rules by assuring that the qualified plan benefits an appropriate portion of employees without management or decision-making power
- **Promote 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

You will note that many of these provisions were included in the Securing a Strong Retirement Act of 2021 (SSA) which was introduced by Ways and Means Committee Chairman Neal and Ranking Member Brady in the House and in the Retirement Security and Savings Act by Senators Cardin and Portman in the Senate. ERIC applauds the leadership of these members of Congress in recognizing the continued need to focus on retirement security.

One point of concern in recent legislation is the attempt to rollback recent advances in electronic delivery. Last year the Department of Labor issued final regulations which allow plan sponsors to use electronic delivery as the default option for providing plan disclosures. This regulation significantly eased administrative burdens for plan sponsors by allowing them to modernize their notice delivery systems and move into the 21st century, and importantly allowed them to target delivery more appropriately especially for younger participants. However, the SSA bill rolls back this advancement by requiring plan sponsors to deliver at least one paper quarterly benefit statement per year for defined contribution plans. Not only does this provision impose an annual paper disclosure, but also requires a disclosure that contains individualized information and can often exceed several pages. As such, we encourage Congress to reject this provision and allow plan sponsors to provide retirement notices in the same manner as other notices and information, including those provided by the government.[1] At the very least, if Congress decides that an annual disclosure is necessary, it should be a short and generic notice - i.e., a “postcard notice” - which can be provided more easily and quickly than a benefit statement.

ERIC and our large employer plan sponsor member companies 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. Thank you for the opportunity to share our ideas. If you have any questions, please contact me at arobinson@eric.org or by calling 202-789-1400.

[1] The Social Security Administration no longer provides benefit statements for anyone under the age of 60. Similarly, the Internal Revenue Service requires taxpayers to call into the agency to receive a paper tax form or to download it from a computer.