April 20, 2017

The Honorable Paul Ryan
Speaker
H-232 The Capitol
Washington, DC 20515

Dear Speaker Ryan:

The undersigned organizations represent thousands of employers who voluntarily provide retirement benefits to millions of workers. As we approach another government funding deadline, we urge you to protect job-creators, workers, retirees, and the retirement security system by opposing further increases in premiums paid to the Pension Benefit Guaranty Corporation (PBGC) by sponsors of single-employer defined benefit plans.

By law, PBGC premiums go directly to the PBGC and not to the general Treasury. These dollars can and should be used only to pay benefits to plan participants. The practice of counting increased PBGC premiums as general revenue for purposes of budgetary scorekeeping is inconsistent with good governance and does nothing to strengthen the nation's retirement system.

Based on the PBGC's own estimates, the PBGC trust fund for the single-employer system is financially sound—there is absolutely no threat of a taxpayer bailout of the single-employer program. In 2016, President Obama's Budget included the following language: "The Administration believes additional increases in single-employer premiums are unwise at this time and would unnecessarily create further disincentives to maintaining defined benefit pension plans." Given the health of the PBGC's single employer trust fund, further PBGC premium increases amount to little more than a tax on plan sponsors.

Over the past two Congresses, 31 Members of the House from both parties have sponsored legislation to prevent PBGC premium increases from being utilized to fund unrelated spending. These Members understand that additional premium increases will only add unneeded uncertainty for employers, stifle job creation, and encourage sponsors to exit the defined benefit pension system.

Congress mandated that PBGC's mission is "to encourage the continuation and maintenance of voluntary private pension plans," but increased premiums are driving single employer plan sponsors out of the defined benefit system. Every additional dollar that employers must pay to the PBGC is one less dollar that can be used to fund participant benefits, expand businesses, create jobs, or grow the economy. Rather, these premium increases foster economic uncertainty, hamper investment, endanger jobs, and constrain economic growth. As such, many plan sponsors are deciding to exit the system.

Congress has increased premiums four times over the past decade, going from $30/person in 2006 to a scheduled $80/person in 2019. The decision to increase these premiums has not been driven from sound pension policy, but rather a need for additional revenue to pay for other, unrelated government programs.

Thank you in advance for opposing any additional premium increases that will increase pension costs for many employers – costs that could serve as barriers to job creation, investment, and economic growth.

Sincerely,

American Benefits Council
American Forest & Paper Association
The ASPPA College of Pension Actuaries
Committee on Investment of Employee Benefit Assets Inc. (CIEBA)
The ERISA Industry Committee
National Association of Manufacturers
Society for Human Resources Management
U.S. Chamber of Commerce