

March 20, 2020

TO THE MEMBERS OF THE UNITED STATES CONGRESS:

Requested Relief Related to Retirement Plans and Savers Due to the Coronavirus Emergency

The undersigned organizations, which represent plan sponsors and service providers to retirement plans covering millions of workers and retirees, urge immediate Congressional action to provide relief to employers that offer retirement plans, plan participants, and retirees in response to the current crisis created by the outbreak of COVID-19. These recommendations would provide much needed financial assistance to workers who may be unable to work and to preserve current cash flow to employers to ensure that they can pay workers and continue their businesses.

Temporary Waiver of Required Minimum Distribution Rules. Due to the significant decline in the stock market due to concerns over the COVID-19 pandemic, there is widespread concern about individuals taking required minimum distributions when there has not been enough time to recover losses. We recommend that Congress provide a temporary waiver for calendar year 2020 of the rules for required minimum distribution from defined contribution plans and IRAs. A similar waiver was included in the Worker, Retiree, and Employer Recovery Act of 2008.

Streamline loan procedures and liberalize hardship distribution rules. As proven essential in other emergencies, allowing participants to have immediate access to some of their retirement accounts and relaxing loan repayment rules helps individuals whose income has been interrupted because of the emergency. Congress should consider providing individuals financial relief by allowing penalty-free qualified distributions and loan modifications for individuals impacted by COVID-19 similar to the relief provided in Section 202 of the Further Consolidated Appropriations Act, 2020 (Public Law 116-94) such as:

- Waive the Section 72(t) additional ten percent tax on early withdrawals from retirement plans for individuals who have been impacted by the COVID-19 pandemic. Permit individuals 3 years to repay the distribution. Permit individuals to include the distribution in income ratably over three years.
- Double the current plan loan limits to the lesser of \$100,000 or 100 percent of the participant's vested account balance in the plan.
- Allow three years to repay income tax associated with a loan default.
- Allow individuals who borrow from their plan and have a repayment due during the months following the COVID-19 outbreak to delay their loan repayment for up to one year.

This is a challenging time. Any action taken by Congress to allow pre-retirement account access must be balanced with America's current retirement savings challenges and the impact of current market conditions on retirement plan balances.

Extend filing, notification, and payment deadlines. We urge Congress to extend the Internal Revenue Code tax filings due to COVID-19 the same as allowed for a general extension of time for performing certain acts postponed by reason of a federally declared disaster. This also will provide relief for employee benefit filings with the IRS, DOL, and PBGC and PBGC premium payments. Although plan sponsors and their service providers are working on this information, having additional time for these filings would free up resources to contend with the COVID-19 epidemic. We also request an extension to the IRA contribution deadline through July 15, 2020, which corresponds with the extended deadline for tax payments.

Relief for defined benefit plans. With the recent cliff drop in asset values and the corresponding continued declines in interest rates, recent market volatility has exacerbated challenges facing defined benefit pension plan sponsors, many of whom were already facing marked spikes in contribution requirements. There are several ways to assist defined benefit plans with this situation:

- Freeze the interest rate at pre-COVID-19 epidemic levels.
- Stabilize contribution rates by extending and narrowing the interest rate collar.
- Extend quarterly and final contribution due dates.
- Extend dates for making all funding balance elections.

Relief from Single-Employer PBGC premiums. A temporary pause in single-employer PBGC premiums would allow businesses to use their capital to weather the COVID-19 crisis. Congress should remove PBGC premium obligations for plan sponsors for 2020 and consider reducing premiums for subsequent years.

Thank you in advance for your support for this imperative effort. We look forward to working with you and your staff to advance legislation that will assist all of the employers, workers, and retirees who are doing all they can to protect the health of the nation. Please do not hesitate to contact any of the organizations below with any questions.

Sincerely,

American Bankers Association
American Benefits Council
American Council of Life Insurers
American Retirement Association
Association for Advanced Life Underwriting
Committee on Investment of Employee Benefit Assets
Defined Contribution Alternatives Association
Financial Services Institute
Insured Retirement Institute
Investment Adviser Association
Investment Company Institute
National Association of Government Defined Contribution Administrators
National Association of Insurance and Financial Advisors
National Association of Manufacturers

National Association of Professional Employer Organizations
National Electrical Contractors Association (NECA)
National Small Business Association
NTCA – The Rural Broadband Association
Retirement Industry Trust Association
Securities Industry and Financial Markets Association
Small Business Council of America
Small Business Legislative Council
SPARK Institute
Stable Value Investment Association
The ERISA Industry Committee