

May 13, 2014

U.S. Senate
Washington, DC 20510

Dear Senators:

The undersigned organizations represent thousands of employers who provide retirement benefits to millions of workers. We urge you to protect these job-creators, workers, and their retirement security by opposing any efforts to further increase premiums paid to the Pension Benefit Guaranty Corporation (PBGC) by sponsors of single-employer defined benefit plans.

Employers know firsthand that uncertainty hampers investment, endangers jobs, and constrains economic growth. Discussions in Congress about further increasing PBGC premiums, which are already indexed to inflation, are occurring more and more frequently – particularly, outside of the context of retirement policy. Before Congress recently passed legislation to increase PBGC premiums by nearly \$17 billion over ten years, employers were already paying over \$2.64 billion in premiums annually for the pension benefits they voluntarily provide to 32 million participants. Every additional dollar that employers must pay to the PBGC is one less dollar that can be used to fund participant benefits, expand their businesses, create jobs, and grow the economy.

Additional PBGC premium increases, when added to the multi-billion dollar increases enacted in 2006, 2012, and 2013, could divert additional resources from job creation and business investment. According to a recent study¹, adding the Administration's budget proposal to the recent premium hikes equates to a potential loss of 42,000 jobs per year on average, peaking at 67,000 jobs in 2017, which would equate to a \$51.4 billion hit to the U.S. economy over 11 years. Companies must budget and plan in advance for cost increases, and in many cases, a PBGC tax hike means less money for other investments. Congress could save an average of 24,500 jobs per year by rejecting additional premium increases, such as the proposal to expand the PBGC's authority to set premiums.

Further increasing PBGC premiums is effectively a tax on plan sponsors. In its 2013 annual report, the PBGC stated that the "PBGC still has very substantial assets, and the day when we run out of money is years away." The PBGC is not in immediate crisis. As such, raising PBGC premiums amounts to a tax on employers that maintain defined benefit plans to boost workers' retirement security. Only the employers that voluntarily provide defined benefit pension plan benefits face this tax burden.

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,

Air Products
AK Steel Corporation
American Bankers Association

¹ Inforum, *Increasing Pension Premiums: the Impact on Jobs and Economic Growth* (2014)

American Benefits Council
American Forest & Paper Association
American Society of Pension Professionals & Actuaries
American Trucking Association
ArcelorMittal
AT&T
Caterpillar Inc.
CenturyLink
Chrysler Group LLC
Con-Way Inc.
Crozer-Keystone Health System
Cummins, Inc.
Deere & Company
Easter Seals
Eaton
Edison Electric Institute
Emerson
Financial Executives International
FirstEnergy Corp.
Ford Motor Company
General Dynamics
General Motors Company
Girl Scouts of the USA
Indiana Manufacturers Association
Ingram Industries Inc.
JELD-WEN, inc.
Leggett & Platt, Incorporated
Lockheed Martin Corporation
Meritor, Inc.
Motor & Equipment Manufacturers Association
National Association of Manufacturers
Navistar
NCR Corp.
NewPage Corporation
Northeast Pennsylvania Manufacturers and Employers Association
Owens Corning
Owens-Illinois
Packaging Corporation of America
Paul Hastings LLP
Pernod Ricard USA
PPG Industries, Inc.
Principal Financial Group
Quad/Graphics, Inc.
Raytheon Company
Rock-Tenn Company
RPM International Inc
Ryder System, Inc.
Society for Human Resource Management
Teknor Apex Company
Textron Inc.
The Boeing Company

The Committee on Investment of Employee Benefit Assets
The Dow Chemical Company
The ERISA Industry Committee
The Pension Forum
U.S. Chamber of Commerce
Unisys
United Benefits Group
United States Steel Corporation
UPS
USG Corporation
Vigilant
W. R. Grace & Co.,
Wm. T. Burnett & Co
Xerox Corporation