



The ERISA Industry Committee

Driven By and For Large Employers

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Regulatory Affairs Group, Office of the General Counsel
Pension Benefit Guaranty Corporation
1200 K Street, NW
Washington, DC 20005

Submitted via reg.comments@pbgc.gov.

RE: Regulatory Planning and Review

Ladies and Gentlemen:

The ERISA Industry Committee (“ERIC”) is pleased to respond to the request by the Pension Benefit Guaranty Corporation (“PBGC”) for comments regarding what regulatory and deregulatory actions it should be considering as part of its regulatory program.

ERIC’S INTEREST IN PBGC’S REGULATORY PROGRAM

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 have over 10,000 employees, living and working in states across the country. ERIC members provide comprehensive health and retirement benefits to tens of millions of active and retired workers and their families, providing them with retirement security and wellbeing.

ERIC has a strong interest in the PBGC’s regulatory program and agenda as it attempts to minimize administrative burdens on plans and participants, and simplify filing and disclosure requirements.

GENERAL COMMENTS

Predictability and stability are cornerstones of the voluntary retirement system for both plan sponsors and participants. This is particularly true when it comes to defined benefit plans. Regulatory actions that adversely affect defined benefit plans and their sponsors—by creating uncertainty, introducing new risks, or interfering with legitimate plan operations or business transactions—undermine support for the nation’s voluntary retirement system and divert resources from the provision of benefits into unnecessary, unproductive, and expensive disputes with the government.

Growing regulatory burdens increase fixed costs for plan sponsors. Rising PBGC premium payments, for example, have increased the cost of operating a defined benefit plan to new,

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exorbitant levels. We encourage the PBGC to carefully weigh the financial impact and other costs of new and existing regulations against the benefits (if any) associated with them.

In addition, unhelpful changes to existing programs, such as the Early Warning Program, only feed into growing skepticism that it is still prudent for employers to continue to sponsor defined benefit plans. While we understand that there are limited interactions between the PBGC and plan sponsors via the Early Warning Program, the recently revised language on the program has caused plan sponsors to worry that they may need to interact—unnecessarily and more frequently—with the PBGC, at potentially great expense when the sponsor engages in certain corporate transactions. The perception has been growing that the Early Warning Program has been diverted from its original, legitimate purpose to an outlet for increasing plan funding requirements beyond the level required under federal law.

We believe the PBGC should re-evaluate the Early Warning Program, as currently operated, as well as all of the agency's other programs and regulations that impose regulatory burdens on plan sponsors and administrators, to determine whether there are ways to decrease those burdens.

As an example, we applaud the PBGC's efforts to reduce the penalty payments for late premium payment filings for good actors. Further, we are encouraged by the PBGC's proposed rules on missing participants for terminated defined contribution plans and look forward to seeing the full implementation of that program. These actions are examples of the PBGC engaging with the plan sponsor community to ensure a more secure retirement system in America.

CONCLUSION

We look forward to working with the PBGC to assist in shaping a regulatory agenda that supports the defined benefit system. If you have any questions concerning our comments, or if we can be of further assistance, please contact Will Hansen at whansen@eric.org or 202-789-1400.

Sincerely,



Will Hansen
Senior Vice President, Retirement Policy