

May 13, 2014

U.S. House of Representatives  
Washington, DC 20515

Dear Representatives:

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 study<sup>1</sup>, 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

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<sup>1</sup> 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