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April 2, 2019

The Honorable Richard E. Neal
Chairman, Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Ron Kind
Member, Committee on Ways and Means
1502 Longworth House Office Building
Washington, DC 20515

The Honorable Kevin P. Brady
Ranking Member, Committee on Ways and Means
1101 Longworth House Office Building
Washington, DC 20515

The Honorable Mike Kelly
Member, Committee on Ways and Means
1707 Longworth House Office Building
Washington, DC 20515

Dear Chairman Neal, Ranking Member Brady, Representative Kind, and Representative Kelly:

I am writing to thank you for introducing the Setting Every Community Up for Retirement Enhancement (SECURE) Act and the Providing Retirement Security to Workers in Small Business, Cooperatives and Service Organizations Act and commend you for moving this important bipartisan legislation forward. We at Mercer, a global human resources consulting and actuarial firm that helps thousands of U.S. employers provide retirement benefits to millions of Americans, strongly believe that these bills include many provisions that are very important to enhancing retirement security.

Our experience tells us that many Americans participating in employer-sponsored retirement plans are well-positioned to receive meaningful retirement benefits. However, data from the Bureau of Labor Statistic show that one-third of all private-sector employees — close to 40 million American workers — have no access to employer-sponsored retirement plans, and the problem is particularly acute at smaller companies.

Your legislation would build on the success of the employer system by making it easier for employers that already sponsor plans to make them more effective and for those that don't yet sponsor plans to adopt them. Mercer is committed to working constructively with you and Congress to develop legislation that we believe would further improve that system by expanding plan coverage and helping individuals and plan sponsors generate more savings and retirement income.

In this regard, we note that, together, your bills would achieve some important goals for retirement policy that we outlined in Mercer's White Paper, "[Steps to Address America's Retirement Security Challenge](#)," including the following:





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Allowing “open” multiple employer plans (MEPs). By permitting open MEPs, the bill would take an historic step forward in enhancing the ability of employers to band together in a common plan to achieve substantial economies of scale and cost efficiencies, cutting plan expenses and boosting savings for plan participants. Open MEPs could promote more plan coverage and savings by turning over much of plan sponsors’ risk and responsibilities to an outside plan administrator. We also believe that these arrangements can help employers continue sponsoring plans and provide a structure that could be extended to improve coverage for self-employed people.

Encouraging greater access to lifetime income products. We applaud the legislation’s encouragement of more lifetime income options by providing employers with a clear safe harbor from liability for selecting an annuity provider. Current Department of Labor guidance with respect to annuity selection from a defined contribution plan is too vague to help plan sponsors. Facilitating the portability of lifetime income options, which will permit participants to preserve their lifetime income investments and avoid surrender charges and fees, is another very helpful provision in the bill.

Easing nondiscrimination testing for closed defined benefit pension plans. A longstanding concern for some defined benefit pension plan sponsors has been the nondiscrimination testing problems affecting plans “closed” to new entrants. In some cases, IRS testing rules have the unintended effect of forcing companies to close down – or “freeze” – their pension plan completely, which can deprive participants of critical pension benefits late in their careers. Some of our clients have told us that they may be compelled to take this action if their testing margins continue to narrow. Your legislation would alleviate this problem by easing (but not waiving) testing for closed pension plans and the “make-whole” contributions employers often make to defined contribution plans.

Thank you again for your leadership and for recognizing the value of employer-sponsored retirement plans. We at Mercer look forward to continuing to work with you to enact these important bipartisan bills, which we believe would be a major step forward in helping more Americans to retire with confidence.

Sincerely,

Martine A. Ferland