



Mercer urges immediate funding relief for DB plan sponsors

By Margaret Berger and Brian Kearney
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In the wake of the economic turmoil caused by the COVID-19 pandemic, Congress should “take immediate action to mitigate an impending crisis in our nation’s retirement system,” Mercer President and CEO Martine Ferland wrote in a [letter](#) to congressional leaders and President Trump. Ferland’s letter recommends several forms of funding and administrative relief for defined benefit (DB) plan sponsors.

Congress should extend the due date to year-end or later for all DB pension contributions otherwise required in 2020, including quarterly installments due as soon as April 15. This would let sponsors “more effectively deploy cash to weather the immediate crisis,” Ferland explains. Mercer also recommends extending deadlines for certain administrative tasks, such as distributing the annual funding notice due April 29 for calendar-year plans.

Recognizing the effects of the crisis may last for years, Mercer sees the need for longer-term funding relief to give “economic conditions time to return to their historical norms.” This relief would defer the phaseout of interest-rate stabilization and increase the minimum stabilized interest rates. These changes would lower required contributions for underfunded DB plans and let companies “invest in their businesses and support the long-term health of the economy.”

Congress is actively considering these issues, but the Senate’s [Coronavirus Aid, Relief and Economic Security \(CARES\) Act](#) currently does not contain relief for DB plans. However, draft House legislation, the [Take Responsibility for Workers and Families Act](#), would provide some relief. Whether the House proposals will make it into the final package expected to pass Congress shortly or into a later COVID-19 relief measure is uncertain.

Related resources

Non-Mercer resources

- [Take Responsibility for Workers and Families Act](#) (House, March 23, 2020)
- [CARES Act](#) (Senate, March 19, 2020)

Mercer resources

- [Martine Ferland's letter to Senate Finance Committee](#) (Mercer, March 18, 2020)
- [Stay informed on the coronavirus](#) (regularly updated)

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