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# Another Budget Extension Possible; Retirement Bills Advance

Kicking the can down the road just a wee bit more, Congress is expected to vote this week to continue funding the federal government through February 16. Meantime, we review a number of multiemployer and other retirement proposals in the pipeline.



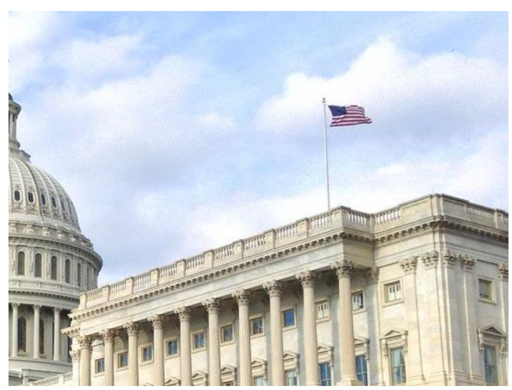
## Budget Extension

In front of the January 19 expiration of the last budget extension, despite great drama, we think Congress is likely to opt for another extension that will keep the government's lights on through February 16.

Included in the current proposed continuing resolution are a six-year reauthorization of CHIP (see our January 12 *Legislate*) and delays or suspensions of several ACA taxes:

- The Cadillac tax would be delayed an additional two years to 2022. The Cadillac tax effective date was previously delayed from 2018 to 2020.
- The health insurer tax would remain in place for 2018, but would be suspended for 2019. This tax had been suspended for 2017.
- The medical device tax would be suspended for 2018 and 2019. This tax had previously been suspended for 2016 and 2017.

## Multiemployer Proposals



Nothing has changed funding-wise for multiemployer plans since PBGC's Fiscal Year 2017 Annual Report indicated that the multiemployer plans insurance program deficit rose to $65.1 billion, up from $58.8 billion a year earlier. This increase was primarily driven by the continuing financial decline of several large multiemployer plans that are expected to run dry in the next 10 years — the program is projected to be insolvent by late 2025 or earlier, leaving more than 10 million participants unprotected.

On January 9, the House Committee on Education and the Workforce Reps. Donald Norcross, D-N.J., and Phil Roe, R-Tenn., announced their bipartisan multiemployer pension bill, the Give Retirement Options to Workers (GROW) Act. At a roundtable on Capitol Hill, the congressmen said it would help healthy plans transition to the "composite" retirement plan design aimed at combining the key features of defined benefit and defined contribution plans, and avoiding sliding into funding imbalance. See our September 12, 2016 *Legislate* on 2016 legislation advanced by Rep. John Kline, R-Minn., who was chairman of the committee at the time, for information on how composite plans would operate. Timing for the introduction of the new bill is uncertain.

Composite plans are not without detractors. A Joint Statement by AARP, along with several unions and pension rights organizations, expressed opposition to the legislation. These groups worry that the move to composite plans would continue to allow underfunded plans to cut retiree pensions, and that pensions under the new composite arrangements would not be guaranteed. The joint statement, however, expressed the groups' support for the "Butch Lewis" legislation sponsored by Democrats in the House and Senate that would provide loans to severely underfunded multiemployer plans. (See our November 29, 2017 *Legislate*.)

## Other Retirement Possibilities

Another bipartisan effort for retirement plans is H.R. 4604, the Increasing Access to a Secure Retirement Act, introduced in December by Reps. Tim Walberg, R-Mich., and Lisa Blunt Rochester, D-Del. Many defined contribution plan sponsors are reluctant to add guaranteed lifetime annuity products to their plans out of concern about fiduciary liability in the event the annuity fails to perform well. The legislation would set a procedural standard of review that, if followed, would give fiduciaries a safe harbor from liability for disappointments. The bill has been referred to the House Committee on Education and the Workforce.

Addressing another idea many plan sponsors favor as a way to save on distribution costs and enhance participant communications is the ability to more easily deliver plan information to participants electronically. Bipartisan legislation introduced in December by Rep. Jared Polis, D-Colo., and Rep. Phil Roe, R-Tenn., along with 34 cosponsors, the Receiving Electronic Statements to Improve Retiree Earnings (RETIRE) Act (H.R. 4610) would permit retirement plans to automatically enroll participants in electronic delivery for plan communications. The legislation would require an opt-out option for those who prefer to receive paper documents.

## Looking Ahead

As 2018 unfolds, we may (or may not) see action on any or all of the above changes for retirement plans. Other plan sponsor favorites that may finally see the light of day are legislation to address coverage and nondiscrimination concerns for plans that are closed to new participants and legislation to take PBGC premiums "off-budget" so they're not seen as a revenue-raising source for non-retirement goals. In addition, some believe Senate Finance Committee Chairman Orrin Hatch, R-Utah, will push for some or all of his Retirement Enhancement and Savings Act (RESA) provisions to move forward before his retirement at the end of this term. See our September 26, 2016 *Legislate* for details on RESA.

Stay tuned!

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