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June 25, 2020

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader McConnell, Leader Schumer, and Leader McCarthy:

As you continue to work toward the next phase of Covid-19 relief legislation, on behalf of farmer cooperatives across the country the National Council of Cooperatives (NCFC) respectfully requests that Congress include further pension funding provisions for single-employer pension plans.

We appreciate your leadership in passing the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided much needed assistance to the people and businesses of our country. The CARES Act included a provision that temporarily delays single-employer funding obligations for 2020 to January 1, 2021, providing immediate temporary relief for businesses that offer those benefits to their employees and retirees.

Many of the approximately 2,000 farmer cooperatives in the United States continue to provide single-employer pension plan benefits to their employees. Like other businesses that sponsor those programs, it has been increasingly challenging to fund those benefits in recent years given historically low interest rates (which now will continue for the foreseeable future) and escalating Pension Benefits Guaranty Corporation (PBGC) premiums. For example, one NCFC member reports that those two factors are leading to a 130 percent increase in PBGC premiums in just this year alone. This is all happening as the Covid-19 pandemic continues to make the situation all that more challenging for businesses.

We appreciate and strongly support the single-employer provisions that were included in the House-passed Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act. Those important longer-term provisions include permanently lengthening the amortization period for funding shortfalls from seven years to 15 years and continued interest rate changes beyond 2020. Also beneficial for encouraging the continuation of single-employer plans would be enacting similar smoothing mechanisms for expensing in the plans. Those provisions coupled with additional measures with special consideration given to lowering PBGC premiums, would assist businesses such as farmer cooperatives continue to offer pension benefits to their employees without severely draining critical working and investment capital.

We look forward to working with you as additional relief measures are crafted and appreciate your consideration of our request to include single-employer pension provisions.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. F. Conner', with a stylized flourish at the end.

Charles F. Conner
President & CEO