Senator Tim Scott
104 Hart Senate Office Building
Washington, DC 20510

Dear Senator Scott,

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we write to express our support for your legislation: "Strengthening Benefit Plans Act of 2025." This legislation, cosponsored by Senators Cassidy, Marshall, and Tillis, would help improve employee healthcare programs by allowing employers to transfer overfunded amounts from 401(h) retiree healthcare accounts. This would help lower employer costs while unlocking funds that are not needed to pay retiree benefits. This change also helps taxpayers while moving funds from non-taxable to taxable accounts, increasing payments to the federal treasury.

In recent years, rising long term interest rates have allowed a large percentage of corporate pension funds to move into stable funding surpluses. The average corporate pension balance rose to 101% in 2024, with many corporate funds well above this level. For example, Truist Financial's fund stood at 197% that year, while Abbott Laboratories had a funding rate of almost 150%.

Corporate pensions that are overfunded over the long term create perverse incentives for their corporate sponsors. If corporations are required to continue to invest in overfunded accounts, some may be encouraged to close or freeze their accounts. This change allows for retired beneficiaries, their corporate plan sponsors, and current employees to all benefit from corporate pension account growth. Moreover, the legislation defines overfunded status at 125%, which is a safe level that helps to ensure long run funded status for these plans.

NTU urges Senators to SUPPORT this pro-taxpayer proposal. Thank you for your leadership on this important legislation and please do not hesitate to contact NTU should you have any questions.

Sincerely,

David Timmons
Senior Policy Manager