

December 2, 2021

The Honorable Charles Schumer  
Majority Leader  
U.S. Senate  
Washington, DC 20515

The Honorable Mitch McConnell  
Republican Leader  
U.S. Senate  
Washington, DC 20515

Dear Leader Schumer and Leader McConnell:

We, the undersigned organizations, write to highlight one of the unintended consequences of the proposed corporate minimum tax on defined benefit pension plans and other post-retirement benefit plans, and, ultimately, on the millions of workers who benefit from these plans.

The proposed 15% corporate minimum tax would apply to the accounting income of companies that have more than \$1 billion of average annual accounting income over the preceding three years. The accounting system for pension plans is fundamentally different from the income tax treatment of such plans.

Assets in pension plans must be held in trust for the exclusive purpose of paying benefits to retired workers. Those assets may not be accessed by the sponsoring company and are not “profit” to the company. Accordingly, application of the proposed corporate minimum tax to pension plans would lead to anomalous results so that companies:

- **Would often be subject to tax on pension plan asset gains that are dedicated to paying benefits to retired workers and their beneficiaries and cannot be accessed by the company (and that are taxed again when distributed to retirees).**
- **Would be denied deductions for contributions to pension plans for purposes of the minimum tax.**
- **Would often be subject to large amounts of tax solely by reason of increases in interest rates.**

Again, these anomalous results would have very adverse effects on pension plans and on the millions of American workers who benefit from them. The adverse impacts also would hurt the Pension Benefit Guaranty Corporation (PBGC) because the proposal discourages contributions to these plans and forces companies to consider exiting the system, which would potentially reduce the base of PBGC premium taxpayers.

We thank you for your consideration of our views.

Sincerely,

America Benefits Council  
The Committee on Investment of Employee Benefit Assets  
The ERISA Industry Committee  
U.S. Chamber of Commerce

Cc: United States Senate