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CHURCH ALLIANCE

Acting on Behalf of Church Benefits Programs

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April 3, 2018

The Honorable Orrin Hatch
Chairman, Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member, Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Hatch and Ranking Member Wyden,

On behalf of the more than one million clergy and church lay workers who rely on Church Alliance members' denominational benefit plans to save for retirement, thank you for introducing the Retirement Enhancement and Savings Act ("RESA"), S. 2526. In particular, we would like to thank you for including a provision, Title I, Section 113, that would make an important clarification to the retirement income account rules relating to church-controlled organizations. We urge that this legislation be advanced at the earliest opportunity.

The church plan clarification included in S. 2526 would resolve significant uncertainty surrounding the retirement plan options available to employees of certain religiously-affiliated organizations, like nursing homes, children's homes, and community centers. A recent IRS interpretation would prevent these employees from participating in Internal Revenue Code Section 403(b)(9) retirement income accounts. This approach departs from statute and over thirty years of precedent and severely constrains the retirement savings options available to men and women who have devoted their lives to religious service.

Section 403(b)(9) retirement income accounts offer a number of important features – among them, the choice to select a variety of socially-screened investment funds and the option to "self annuitize" retirement benefits. Broad participation in Section 403(b)(9) plans among employees of religiously-affiliated organizations also creates economies of scale that are essential for cost-effective investment management with healthy returns. The IRS interpretation would foreclose the benefits of Section 403(b)(9) plans for thousands of employees and lead to increased costs and lower returns for church plans more broadly. The clarification provision included in S. 2526 would avoid these consequences by confirming the

availability of Section 403(b)(9) retirement income accounts to all church-controlled organizations.

We are grateful for your leadership on this important, urgent issue. We urge that the legislation be advanced as quickly as possible to ensure that employees of religiously-affiliated organizations can continue to enjoy the retirement plan options they expect and deserve. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Barbara A. Boigegrain". The signature is written in a cursive style with a large, looping initial "B".

Barbara A. Boigegrain
Chair of the Church Alliance