

# Critical Cash Flow Relief Needed for Small Business Retirement Plans

The economic challenges that the COVID-19 pandemic present to small businesses are unprecedented in modern times. Small businesses across the United States are being forced to shut down for an unknown time to slow the spread of the disease, which is causing a cash flow issue.

Small businesses need immediate relief. The American Retirement Association, whose broad membership consists of service providers and plan sponsors, strongly supports immediate defined contribution plan funding relief that will allow plan sponsors to continue to provide a retirement plan for their rank and file workers.

The American Retirement Association proposes:

- (1) All plan sponsors with a defined contribution plan be allowed, on a prospective basis, to suspend their required employer contributions to their plan for 2020; and
- (2) Plan sponsors with less than 500 participants in the plan be allowed to waive any employer contributions that have not yet been made to satisfy their 2019 obligations.

Plan sponsors that make this difficult decision to suspend contributions will be required to provide adequate notice to their plan participants. In addition, nondiscrimination testing failures will be waived for any plan sponsor that elects one or both of the above options.

This proposal will give plan sponsors the needed flexibility to maintain their retirement plan in the face of severe economic distress. Plan sponsors will use this option only as a last resort. The alternative will be the termination of the entire plan. Moderate income workers save when they have access to a plan at work. This emergency measure will ensure that access will continue.