



## **ACLI Submission to the Senate Finance Committee Health Task Force**

**June 14, 2019**

Thank you, Chairman Grassley and Ranking Member Wyden, for your leadership in forming several bipartisan task forces to examine temporary tax provisions that have expired or will soon expire. It is a worthwhile exercise to provide as much long-term certainty as possible in the Tax Code. As the Health Task Force undergoes its review, the American Council of Life Insurers (ACLI) urges Congress to make permanent the employer credit for paid family and medical leave (PFML) as found in Section 45S of the Tax Code (Fischer Credit) and which is due to expire at the end of this year. The life insurance industry plays a key role in the private marketplace in providing solutions to address PFML.<sup>1</sup>

ACLI advocates on behalf of approximately 280 member companies dedicated to providing products and services that contribute to consumers' financial and retirement security. Our members represent 95 percent of industry assets in the United States, and proudly protect 90 million American families with financial products that reduce risk and increase financial security through offerings like life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, dental and vision and other supplemental benefits. ACLI represents member companies in state, federal, and international forums for public policy that supports the marketplace for life insurer products that provide peace of mind to families and individuals.

Paid leave is a critical issue facing Americans today. One way to alleviate the financial and administrative challenges that arise from offering a paid leave benefit in the workplace is through private disability income insurance. This product is offered by life insurers and is the most common form of income protection for workers, allowing millions of American workers to maintain their income when a medical condition or the birth of a child keeps them out of the workplace. It's noteworthy that for the 47 percent of full-time civilian workers covered by our short-term disability policies, maternity leave is the number one paid benefit. When Congress discusses policies in support of paid leave, it is important to maintain and expand upon a vibrant private marketplace for solutions. In this debate, there are many approaches to consider, including tax incentives. Legislative proposals, such as the Fischer Credit, is one approach that incentivize employers to voluntarily provide PFML benefits to their employees. While current law only provides this credit for two years, permanency would ensure greater utilization of this benefit.

In addition to making the credit permanent, attached are suggested changes to Section 45S that would improve the Fischer Credit for employers. Collectively, these modifications would provide employers with greater flexibility when offering PFML benefits to employees as well as making it easier for more generous benefits to be paid. It's important to consider and adopt changes that

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<sup>1</sup> Please find attached a document which describes the industry's role in helping employers offer paid leave.

would expand paid leave coverage for employees by removing barriers to employers for offering them.

Thank you for this opportunity to offer comment as the Senate Finance Committee evaluates expiring tax provisions. We look forward to working with you on these important issues.