

June 8, 2010

The Honorable Max Baucus, Chair
United States Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Senator Baucus:

The Pension Rights Center, the nation's only consumer organization solely devoted to protecting and promoting the retirement security of American workers and retirees, strongly supports the provisions included in the American Jobs and Closing Tax Loopholes Act of 2010 (H.R. 4213) that would make 401(k) fees more transparent and straightforward.

Under current law, millions of American workers and retirees bear the risks and responsibilities of investing the money in their 401(k) plans. Yet they often are kept in the dark about how much they are paying in investment and administrative fees. According to a Government Accountability Office study, even a one-percent fee charged to an account can reduce 401(k) benefits by 17 percent over a 20-year period. For this reason, the Pension Rights Center strongly supports provisions in H.R. 4213 that help 401(k) plan participants receive straightforward information about the fees they are being charged. This information will give participants the tools they need to choose among investment options and enable them to plan realistically for retirement.

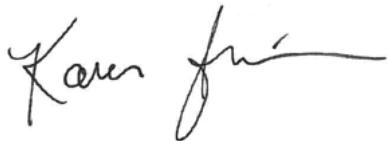
The bill's 401(k) fee disclosure provisions also ensure that employers, who are responsible for choosing service providers and monitoring ongoing investments in the plan, get detailed information about fees so they can compare and contrast different options offered to them on an apples-to-apples basis. The bill takes crucial first steps toward "unbundling" so that employers can review separate charges for record-keeping, transaction-based charges, and investment management fees. It also includes important provisions requiring service providers to make these disclosures, such as separate costs for brokerage commissions.

Some in the financial industry suggest that the legislation will delay the issuance of Labor Department regulations. In fact, the legislation will support and strengthen the Department's fee disclosure regulatory project. It will enable the Department to provide clear and consistent standards that meet the intent of Congress so that workers and retirees, today and in the future, will know what fees they are charged and be able to plan for retirement.

By retaining the 401(k) fee disclosure provisions, Congress will take an important step in strengthening protections for millions of American workers who rely on these savings

plans to make it through their final years. We thank you for your consideration and support of this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Friedman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Karen Friedman
Executive Vice President and Policy Director

A handwritten signature in black ink, appearing to read "Norman Stein". The signature is cursive and somewhat stylized, with a prominent initial "N".

Norman Stein
Senior Policy Consultant