

June 15, 2010

The Honorable Max Baucus
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Tom Harkin
Chairman
Senate Committee on Health,
Education, Labor and Pensions
428 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Michael Enzi
Ranking Member
Senate Committee on Health,
Education, Labor and Pensions
428 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairmen Baucus and Harkin and Ranking Members Grassley and Enzi:

We the undersigned organizations strongly urge you to restore the provisions 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, over 50 million American workers and retirees bear the risks and responsibilities of investing the money in their 401(k) plans. Yet they are often kept in the dark about how much they are paying in investment management, administrative and other fees. According to the Department of Labor (DOL), a one-percent difference in fees charged to an account can reduce 401(k) benefits by 28 percent over a thirty-five-year period. Such a dramatic reduction can have a significant impact on the workers' retirement security prospects. For this reason, the undersigned organizations urge you to restore the provisions in H.R. 4213 that help 401(k) participants receive straightforward information about the fees they are being charged. This information will give participants the tools they need to select among investment options and enable them to plan more realistically for retirement.

The proposed 401(k) fee disclosures would also ensure that employers -- who are responsible for the choosing of service providers, the selection of investment options in the plan and the ongoing monitoring of these investment options -- get more detailed information about fees than is currently provided. This will better enable employers to compare and contrast different options offered to them on an apples-to-apples basis. The provisions take crucial first steps toward "unbundling" of fees so that employers can review separate charges for investment management, record-keeping, and transaction-based fees.

Some in the financial services industry have suggested that including these provisions in H.R. 4213 is not necessary because the Department of Labor is preparing to issue regulations related to 401(k) fee disclosure. However, we believe the legislation will support the DOL's efforts and help give them increased authority in certain areas, to better protect employees and retirees in 401(k) plans.

In short, the 401(k) fee disclosure provisions of H.R. 4213 are vital to ensuring that employers who sponsor plans have the information they need to perform their legal obligations and that participants have the information they need to understand the fees

they are being charged so that they may better prepare for retirement. We urge you to restore these important protections in H.R 4213. We thank you for your consideration of this important matter.

Sincerely,

AFL-CIO
Alliance for Retired Americans
B'nai B'rith
Consumer Federation of America
National Consumers League
National Women's Law Center
OWL- The Voice of Midlife and Older Women
Pension Rights Center