PENSION RIGHTS CENTER

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April 16, 2008

The Honorable George Miller, Chairman
The Honorable Howard McKeon, Ranking Member
Committee on Education and Labor
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Miller and Ranking Member McKeon:

The Pension Rights Center, the nation's only consumer rights organization solely devoted to protecting and promoting the retirement security of American workers and retirees, is writing in support of the Fair Disclosure for Retirement Security Act of 2008 (H.R. 3185).

H.R. 3185 provides important disclosure requirements to ensure that employees have clear information about the fees they are being charged in their 401(k) plans. A recent Government Accountability Office (GAO) study shows that a one-percent fee charged to an account can reduce 401(k) benefits by 17 percent over a 20-year period. H.R. 3185 requires that fees are disclosed so that individuals can determine if they are getting their money's worth for their investments and plan realistically for retirement. The bill also ensures that employees are told of any conflicts of interest between their employers and plan vendors.

Employees need fee information to help them shape a sound portfolio from the investment options available under their 401(k) plans. Employers need fee information in order to prudently choose from the entire universe of available investment vehicles, as well as monitor ongoing investments in the plans. To help employers with these tasks, they need detailed information about all the fees charged to the plan so they can compare one option to another, and compare fees on an apples-to-apples basis. H.R. 3185 requires that fees in 401(k) plans be "unbundled" so that employers can review separate charges for record-keeping, transaction-based charges and investment management fees, among others.

While we understand that employers want to reduce costs by disseminating disclosure information to participants electronically, we believe that the interests of the employees would be better protected by requiring advance consent from individuals to receive fee information electronically. There are still untold numbers of individuals who are not computer-savvy and who would not know to ask for the information by mail. Absent consent, it should be standard practice for individuals to receive information by mail.

As an increasing number of companies adopt 401(k) plans, the Fair Disclosure for Retirement Security Act of 2008 contains important common-sense measures to ensure that participants have more information to protect themselves. We thank you for considering our views. If you have any further questions, please feel free to contact us at (202) 296-3776.

Sincerely,

Karen W. Ferguson
Director