

**EDUCATION & LABOR COMMITTEE**

**Congressman George Miller, Chairman**

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Press Office, 202-226-0853

**Chairman Andrews Statement At Subcommittee Hearing On  
H.R.1984, 401(k) Fair Disclosure for Retirement Security Act  
of 2009**

WASHINGTON, D.C. – *Below are the prepared remarks of U.S. Rep. Robert Andrews (D-NJ), chairman of the House Subcommittee on Health, Employment, Labor and Pensions for a subcommittee hearing on “H.R.1984, 401(k) Fair Disclosure for Retirement Security Act of 2009.”*

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Good morning and welcome to the Health, Employment, Labor and Pensions Subcommittee hearing on the 401(k) Fair Disclosure for Retirement Security Act of 2009 (HR 1984), which is authored by my good friend and Chairman of the Full Committee, Congressman George Miller.

Thanks to his leadership, American workers across the country will become more aware and better informed about what they should be getting out of their 401(k). I am honored to be an original co-sponsor of the bill as well as to working closely with the Chairman to craft what he and I strongly believe to be one of the most important measures before us today that will help restore worker trust and confidence in our retirement system.

American workers across the nation have suffered tremendously due to last year’s economic downturn; particularly, Americans who were laid off lost a significant amount of their retirement savings or both. At the end of 2008, a total of 2.8 million American jobs were lost and retirement accounts were reduced by \$2 trillion dollars overall, shattering the financial goals of many hard-working Americans.

Those most devastated by the market downturn were those workers nearing retirement who lost close to 30 or more percent of their 401(k) account. Disturbed over the market's unexpected effect over their retirement savings, workers who were impacted the most, as well as many others are further troubled by the lack of transparency of their 401(k) system. When a worker spends most of their lifetime investing their hard-earned dollars into an account for their retirement and later learn that they were being charged fees that contributed to a significant loss of their nest egg, they understandably lose trust and confidence the system. The lack of transparency in the 401(k) system is unacceptable and must end now.

The Members of the HELP Subcommittee have before them today a bill that improves the 401(k) system and protects the worker by requiring transparency and disclosure of fees to the employers and employees. Under our current 401(k) system, there are a numerous instances where employers are not informed, prior to entering into an agreement with financial service provider, about the true cost of certain fees and services included in their “bundled service arrangement” plan. Equally important, HR 1984 requires disclosure of fees to workers that is both clear and understandable.

When Jack Bogle, founder of Vanguard, testified before the full committee in February of this year, he made a compelling argument in favor of providing every worker with the option to invest his or her retirement savings in an index fund. Under HR 1984, we provide a strong incentive to employers to ensure an index fund option is offered to their employers.

Chairman Miller and I strongly believe the 401(k) Fair Disclosure for Retirement Security Act of 2009 moves us in the right direction to improve the 401(k) system. You will hear from several of the witnesses on our panel today, who work on a day-to-day basis in the 401(k) world, echo our position.

Another important solution, which I will address further during the hearing, is restoring the conflicted investment advice prohibition under ERISA, while allowing workers to receive investment advise that is independent and in the interest of their retirement goals.

I look forward to hearing all the witness testimony and welcome you to the HELP subcommittee.

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