

Statement by Karen Friedman, Executive Vice President and Policy Director
at a Press Conference on
Restoring 401(k) Fee Disclosure Provisions to the
American Jobs and Closing Tax Loopholes Act of 2010 (H.R. 4213)

June 16, 2010

Good afternoon. I'm Karen Friedman, the Executive Vice President and Policy Director of the Pension Right Center, the only consumer rights group in the country that works exclusively to promote and protect the retirement income security of workers, retirees, and their families.

I am here today to say that the 401(k) fee disclosure provisions are critical to protecting the retirement security of American workers.

We want to thank you, Chairman Miller, for your leadership role, and we stand with you in urging the Senate to put these protections back in the jobs bill.

To continue the metaphor of this press conference, if the Senate ignores this issue by stripping out these critical protections, I agree with Congressman Andrews that they are going to be eating humble pie for years to come – when they see ordinary Americans who are unable to make ends meet because their balances have been eroded by Wall Street's high investment fees.

The 401(k) fee disclosure protections are, well, as American as apple pie. Here's what they would do:

First the provisions would ensure that workers and retirees who count on this money for retirement are able to receive straightforward information about the fees they are being charged. This is not controversial. This is common sense.

The provisions would also ensure that employers – who are the ones responsible for assembling a menu of investment options for their employees – get more information about the fees they're being charged. This is not what the law currently requires.

The provisions would also make sure these fees are unbundled, meaning employers can see what they're being charged for separate functions like investment management and record-keeping. This too is not controversial. This is common sense.

It also makes common sense that these provisions are included in a jobs bill because having a 401(k) plan or a pension plan is an essential part of having a job. For millions

(more)

of Americans, a 401(k) plan is likely to be the only money they will save while working, and the only money they will have to supplement Social Security.

Even before the market crash, half of all private-sector workers had less than \$25,000 in their 401(k) accounts— and that's not a lot. Even with the stock market somewhat recovering, let's face it, many people's savings have been decimated.

Certainly, Congress should be protecting what precious 401(k) assets American workers have earned by making fees transparent. This is not controversial. This is common sense.

The 401(k) provisions were already passed as part of the House-passed jobs bill. The Senate should put them back in. Otherwise they're giving Wall Street the pie and saying of workers, "Let them eat cake."

#