

May 20, 2010

The Honorable George Miller
Chairman
Committee on Education and Labor
U.S. House of Representatives
Washington, D.C. 20510

Dear Chairman Miller:

The Pension Rights Center, the nation's only consumer organization solely devoted to protecting and promoting the retirement security of American workers and retirees, is writing to strongly support provisions included in Promoting 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 and about any conflicts of interest that exist between their employers and plan service providers. This information will give them the tools they need to choose among investment options and enable them 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 important first steps toward "unbundling" so that employers can review separate charges for record-keeping, transaction-based charges, and investment management fees.

Thank you for your leadership role in promoting strong protections in 401(k) plans and protecting millions of American workers and retirees.

Sincerely,



Karen Friedman
Executive Vice President and Policy Director



Norman Stein
Senior Policy Consultant