

**MEMO# 14537**

March 14, 2002

## **INSTITUTE SUBMITS TESTIMONY TO HOUSE WAYS AND MEANS COMMITTEE ON RETIREMENT SECURITY ISSUES**

[14537] March 14, 2002 TO: PENSION COMMITTEE No. 7-02 RE: INSTITUTE SUBMITS TESTIMONY TO HOUSE WAYS AND MEANS COMMITTEE ON RETIREMENT SECURITY ISSUES

The Institute recently submitted written testimony to the House of Representatives' Committee on Ways and Means regarding retirement security issues and the rules that govern defined contribution plans. The written statement was submitted in connection with a recent hearing held by the Committee on these matters. The Institute's testimony generally described the significant shift during the past few decades in the way Americans save for retirement, noting that defined contribution plans have become an important medium through which workers save for retirement. In addition, the testimony highlighted a number of features that make defined contribution plans attractive to employees. For example, the portability of retirement assets offered through defined contribution plans is well-suited to today's mobile workforce. Given this backdrop, the Institute made several recommendations that would enhance retirement security and long-term savings opportunities. Specifically, the testimony urged that Congress:

- make permanent the crucial improvements made to our laws governing retirement and education savings by the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA);
- simplify the rules governing retirement savings vehicles, including (1) the complex income eligibility rules for IRAs, (2) the required minimum distribution rules applicable to plans and IRAs, and (3) the various rules that apply to different types of defined contribution plans; and
- enhance participant access to professional investment advice with regard to pension plan investments by enacting H.R. 2269, the Retirement Security Advice Act.

A copy of the testimony is attached. Thomas T. Kim Associate Counsel Attachment (in .pdf format)