

**MEMO# 7168**

August 3, 1995

## **INSTITUTE TESTIFIES ON ""PERSONAL INVESTMENT PLAN ACT""**

August 3, 1995 TO: BOARD OF GOVERNORS No. 60-95 FEDERAL LEGISLATION COMMITTEE  
No. 22-95 RE: INSTITUTE TESTIFIES ON ""PERSONAL INVESTMENT PLAN ACT""

August 2, ICI President Matt Fink testified before the Senate Finance Subcommittee on Social Security and Family Policy. He strongly endorsed S. 824, the Simpson-Kerrey "Personal Investment Plan Act of 1995," which permits workers to invest voluntarily a portion of their social security payroll taxes in Personal Investment Plans (PIPs). In its testimony, the Institute stated that the legislation "begins to address both the impending solvency crisis and the widespread lack of confidence in the current Social Security system." The Institute pointed out that by allowing workers the option to invest two percentage points of their OASDI payroll taxes in their own personal investment plans, not only would they be able to realize "the power of positive compounding" within their PIP accounts, the PIP would help to restore confidence in the Social Security system. Finally, the Institute noted the extensive expertise of the mutual fund industry in handling small investment accounts and assured the Subcommittee that PIP accounts could be handled in a cost-effective manner. We will keep you informed as this matter develops. For additional information, please contact the Legislative Affairs Department at (202) 326-5890. This memo can be found on FUNDS, the Institutes Fund user Network and Delivery system, under "Legislative Affairs; Washington Update." Copies of the oral and written statement are enclosed. Julie Domenick Senior Vice President Legislative Affairs Attachments

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