

MEMO# 6945

May 24, 1995

PENSION LEGISLATION TO BAN ""ECONOMICALLY TARGETED INVESTMENTS""

May 24, 1995 TO: PENSION COMMITTEE No. 10-95 RE: PENSION LEGISLATION TO BAN
"ECONOMICALLY TARGETED INVESTMENTS"

Attached for your information is a copy of the Pension Protection Act of 1995, H.R. 1594. The bill was introduced on May 9, 1995, by Rep. Jim Saxon, the Vice-Chairman of the Joint Economic Committee of the U.S. Congress. The bill states that it is the "sense of the Congress that economically targeted investments violate sections 403 and 404" of ERISA, and provides that those sections shall be applied to employee benefit plan investments "without regard to" the Department of Labor's 1994 Interpretive Bulletin on economically targeted investments, or ETIs. (See Institute Memorandum to Pension Members No. 16-94, dated June 27, 1994). It further broadly prohibits the federal government from establishing or assisting in the establishment of any ETI clearinghouse, database, or other listing, and prohibits the Department of Labor from "promoting, directly or indirectly, economically targeted investments" by pension plans. The bill was referred to the House Committee on Economic and Educational Opportunities. We will keep you advised of developments. John J. Canary, Jr. Assistant Counsel - Pension Attachment

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