

ICI VIEWPOINTS

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Money Market Funds Work for Retirement Savers

As they've examined possible changes for money market funds, regulators have heard from an extraordinary number of businesses, individuals, and organizations who have [expressed their support](#) for preserving the key characteristics of these funds.

Today, another key constituency added its voice: the retirement plan community. A group of 12 organizations, including ICI, filed [a letter](#) with the Securities and Exchange Commission (SEC) to register concerns about proposals under consideration. These organizations represent employers and service providers who help Americans save for their retirement through participation in defined contribution (DC) and defined benefit (DB) plans.

The letter emphasized two important points.

Money market funds play a key role in retirement saving.

The letter discusses how DB and DC plans use money market funds in several ways: offering a conservative option for retirement savers, enabling retirement savers to diversify, helping retirement plans meet liquidity needs, and easing retirement plan administration.

Proposals under consideration raise serious concerns for retirement plans.

The letter notes that possible proposals, including forcing money market funds to adopt "floating" net asset values or imposing redemption restrictions, would cause serious difficulties for retirement plans, including fiduciary concerns, recordkeeping and administration complications, and the challenge of limited alternatives. "If these major regulatory changes are put in place, employers will have few alternatives that can meet the needs of the plan and its participants—particularly the need for low-cost cash management—as effectively as money market funds," says the letter.

In addition to ICI, the signers of the letter are the following:

- American Benefits Council

- American Society of Pension Professionals & Actuaries
- The ERISA Industry Committee
- Financial Services Institute, Inc.
- National Association of Insurance and Financial Advisors
- National Telecommunications Cooperative Association
- Plan Sponsor Council of America
- Securities Industry and Financial Markets Association
- The Small Business Council of America
- The Society for Human Resource Management
- The SPARK Institute
- United States Chamber of Commerce

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