

ICI VIEWPOINTS

March 22, 2017

Exemptions from Investor Protections Put California Savers at Risk

The following ICI Viewpoints is a letter to the editor by Paul Schott Stevens, president and CEO of the Investment Company Institute, in response to an editorial published on March 8, 2017, in the Los Angeles Times.

We share the *Times*' interest in improving retirement coverage ([Editorial, March 8](#)). Unfortunately, Secure Choice and the exemptions California received from long-standing investor protections put savers at risk.

Under these exemptions, low-income workers will have limited recourse against malfeasance as this untested state program takes hundreds of dollars from their paychecks.

Federal law protects against unreasonable fees, but Secure Choice eliminated a cap on fees for the program's first six years.

Federal law requires that retirement plan accounts be portable, but under the exemption, California could prevent workers from transferring account balances to other savings vehicles.

And the law would allow CalPERS, with its history of deficits and fraud, to run the program.

Despite good intentions, Secure Choice's flaws raise serious doubts it can meaningfully address gaps in retirement coverage. Opening new gaps in investor protection won't help. The US Senate should vote to restore federal safeguards for California savers.

Paul Schott Stevens
Washington

The writer is president and chief executive of the Investment Company Institute, a global trade association for mutual funds.