

NEWS RELEASE

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ICI Statement on House Passage of the Retirement, Savings, and Other Tax Relief Act of 2018

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Bill includes bipartisan provisions to expand savings for workers, aid shareholders; additional work needed to preserve flexibility on lifetime income disclosure

Washington, DC; December 20, 2018—Investment Company Institute (ICI) President and CEO Paul Schott Stevens issued the following statement after the US House of Representatives passed legislation containing numerous tax provisions related to retirement and savings:

“ICI applauds Chairman Brady and members of the House for advancing a number of bipartisan tax provisions that will enhance and expand access to workplace retirement savings and will help Americans save more. We strongly support the provisions that would expand access to retirement savings plans at work through open multiple employer plans (MEPs), allow for higher default employee contribution rates within the auto-enrollment safe harbor, preserve 403(b) balances, and provide a higher tax credit for small employers starting retirement plans. These are important changes that will help more American workers plan and save for a secure retirement.

“In addition, ICI commends the House for passing a provision to correct the tax treatment of dividends from real estate investment trusts (REITs), so that the millions of shareholders who invest in REITs through mutual funds will be treated fairly.

“We remain concerned, however, about restrictive language in the bill related to lifetime income disclosures. As currently drafted, this provision could create confusion for savers, providing an annuity-based income estimate that will be meaningless for the majority of defined contribution plan participants, who do not choose to invest in annuities or have the option to do so. Rather than locking plan sponsors into an annuity-only approach, the legislation must allow sponsors flexibility to continue to use other disclosure methodologies that have successfully served plan participants’ need to set and track their retirement goals. That flexibility is critical to protect and encourage future innovation in the lifetime

income disclosure space. We hope Congress will refine this provision as the bill moves through the legislative process, either this month, or in future congresses.”

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