

NEWS RELEASE

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ICI President Matthew Fink Discusses with ICI Senior Staff His Decision to Retire Next Year, September 2003

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Sr. Staff: When did you decide to retire?

Mr. Fink: The Institute's Board of Governors has been very supportive during my tenure as President and, in fact, encouraged me to continue as President after I reached ICI's normal retirement age, approximately three years ago. In October 2002, I made the decision to tell the Board that I would retire in one year. However, I decided to postpone the decision until a later date. Among the reasons I delayed the decision were the SEC's initiatives regarding disclosure of [proxy votes](#), various [corporate governance](#) matters expected to arise from the Enron and WorldCom problems, and the likelihood of [Congressional hearings](#) on mutual funds. I wanted to see these important matters through to completion.

This past May, I told a committee of the Board that I expected these matters would be resolved in 2003 and that I planned to retire in 2004. The Committee asked me to remain at the Institute until the end of 2004 to help with the transition to my successor.

Sr. Staff: Why did you decide to retire?

Mr. Fink: In late 2004, I will have worked at ICI for nearly 34 years. During this time, I've had a very fulfilling career that has enabled me to help mutual funds become the investment vehicle of choice for [95 million Americans](#). After this amount of time, I'd like to slow down a bit while remaining involved with mutual funds and give someone new an opportunity to lead this fine organization in representing mutual funds.

Sr. Staff: What condition is ICI in today?

Mr. Fink: The Institute is in fine shape: ICI member funds manage 98 percent of industry assets and collectively help 48 percent of American households meet their financial needs. When I became President mutual funds managed \$1.4 trillion in assets for approximately

25 percent of American households, and ICI had about 100 staff members. Today, the industry is four times larger, and ICI has grown as well. ICI has a very capable staff that members, legislators, regulators, academics and members of the media acknowledge with high marks for effectiveness.

However, it is very important to recognize that as a result of the late trading and abusive short-term trading investigations, the Institute has a formidable agenda. We must take a leadership role in demonstrating that mutual funds are committed to placing shareholder interests above all else.

Sr. Staff: What qualities should your successor have?

Mr. Fink: The most important characteristic to be successful in this job is a high degree of integrity that is consistent with the fiduciary culture of mutual funds and the Institute. The individual also needs the ability to work with industry leaders to forge consensus in the interest of mutual funds and their shareholders, directors, and advisers.

Sr. Staff: As you look back on your long career at ICI, what accomplishments are you most proud of?

Mr. Fink: There are several major areas of accomplishment that have been achieved in the past three decades that I'm particularly proud to have worked on.

- First is the Institute's constant commitment to strong and effective regulation that helps protect investors. I believe that strong regulation will resolve the late trading and short-term trading abuses.
- Second are the regulatory and legislative innovations that have helped mutual funds bring investing opportunities to 95 million Americans. In the past three decades, the Institute has worked with the SEC and Congress to enact enabling regulation and legislation that have brought money market funds, municipal bond funds, individual retirement accounts, and expanded retirement savings opportunities in the form of 401(k)s to all Americans.
- Third are voluntary industry standards that exceed regulatory and legislative requirements, in areas such as personal investing by fund managers and mutual fund corporate governance.
- Fourth is the Institute's program for investment company directors. In 1995 on my recommendation, the Institute began a program to provide fund directors with educational forums on mutual funds. The Institute sponsors two conferences for directors each year, publishes periodic news bulletins for directors, and, beginning this year, is forming regional chapters to reach a greater number of directors.
- Fifth is industry unity. Today, 98 percent of mutual funds are members. This is significant because it allows the Institute to work with regulators and legislators on behalf of all fund shareholders.

Sr. Staff: What are your greatest disappointments?

Mr. Fink: Undoubtedly the current investigations into late trading and abusive short-term trading are my greatest disappointment. I am as shocked as anyone that these activities took place and have allowed the reputation of mutual funds to be tarnished. I am optimistic that once the abuses have been fully addressed by the SEC, mutual funds will emerge stronger than ever.

If you had asked me this question before September 1st the disappointments would have been different. Hopefully once the abuses are addressed some of the following policy issues can be worked on.

- Restoring the universal IRA that, from 1981 to 1986, allowed all Americans to save for retirement and to create a stable long-term source of capital for the U.S. economy. The Institute has consistently urged that the universal IRA be restored. I hope the President's proposed retirement and savings program will be enacted.
- Tax reform related to mutual fund capital gain distributions. Mutual funds are required to distribute all realized capital gains annually. These distributions are taxed despite the fact that the investor has not taken any action. For the past several years, the Institute has encouraged Congress to pass legislation that will defer this tax until the shareholder redeems the shares. This year, Congressman Paul Ryan of Wisconsin introduced legislation to accomplish this deferral. I hope it is enacted.
- Finally, the Institute has long advocated two reforms that would significantly help workers investing in 401(k) plans.
- First is greater disclosure. Employers are not required to provide their employees in 401(k) plans with full and fair disclosure regarding all of their investment options. I would like to see the Department of Labor require such disclosure.
- Second is access to investment advice. Investors in 401(k) and other defined contribution plans make their own investment decisions. As we've seen since the stock market decline that began in 2000, some 401(k) investors did not make decisions that balanced risk and long-term growth in retirement savings. Mutual fund sponsors have the ability to provide solid investment advice to 401(k) participants. Current law does not allow mutual fund sponsors to give this advice. I urge Congress to pass legislation sponsored by Congressman John Boehner of Ohio that would allow fund sponsors to provide investment advice.

Sr. Staff: Thanks Matt.

(as of 10/29/03)

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