

NEWS RELEASE

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ICI Applauds Introduction of Retirement Security Advice Act, June 2001

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Washington, DC, June 21, 2001 - The Investment Company Institute (ICI), the national association of the American mutual fund industry, applauds the introduction today of the "Retirement Security Advice Act" by Representative John Boehner (R-OH), Chairman of the House Committee on Education and the Workforce. The bill is similar to [legislation introduced last year](#).

"More Americans are participating in pension plans to save for retirement. The Boehner bill would enable retirement plan participants to receive the investment guidance they need to manage their growing 401(k) plan investments while maintaining the protections afforded by the Employee Retirement Income Security Act," Institute President Matthew P. Fink said.

In 1974, the Employee Retirement Income Security Act (ERISA) established broad standards that have fostered a safe, secure pension plan environment. However, substantial changes, such as the growth of defined contribution plans and rapidly changing financial markets, have occurred in the last two decades. Unfortunately, existing ERISA rules largely prohibit retirement plan participants from obtaining investment advice to help them decide how to allocate their retirement accounts.

"Modernizing ERISA is necessary to assure that it continues to address adequately the needs of today's pension plan participants," Fink said. "Because participants in 401(k) plans are responsible for deciding how to invest their retirement accounts and bear the risk of any such investment, it is imperative that they have access to the tools they need to help them make informed decisions."

Fink said Chairman Boehner's legislation recognizes the sound condition of the corporate defined contribution system and acknowledges that investor education and investment advice are important because of the prevalence of defined contribution plans, which allow participants to exercise control over investment decisions.

He added that, in order to make informed investment decisions, retirement plan participants also need disclosure of all fundamental information about their retirement plans and the products in which they are able to invest. The Department of Labor, recognizing this, has, in recent years, attempted to facilitate the delivery of educational materials and investment tools to participants. Most notably, in 1996 it released guidance that clarified the types of assistance that would be considered "education" rather than "investment advice."

"The Institute is a [strong proponent](#) of policy measures that would establish simpler and more accessible retirement plans, and this bill is a positive step," Fink said. "The Institute remains committed to working with Chairman Boehner, the Department of Labor, and others in initiatives to help the public understand the need to prepare for retirement."

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