NEWS RELEASE

May 13, 2003

Institute Urges Congress to Approve Pension Security Act, May 2003

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Washington, DC, May 13, 2003 - The Investment Company Institute today urged Congress to swiftly enact investment advice legislation and other important retirement security reforms in the "Pension Security Act of 2003" (H.R. 1000).

"Congress has a unique opportunity to combine objective investment advice with rigorous legal protection to benefit millions of 401(k) plan investors," Institute President Matthew P. Fink said about the legislation introduced by House Education and Workforce Committee Chairman John Boehner (R-OH). The House of Representatives is scheduled to consider the bill tomorrow.

Fink said investors in 401(k) plans need to be fully informed about the plans' investment options, the risks associated with them, and the importance of diversifying their investments. "The 'Pension Security Act' would greatly strengthen the ability of working Americans to confidently invest for retirement," he said.

The bill would modernize the "Employee Retirement Income Security Act of 1974" (ERISA) by allowing workers who invest in 401(k)s and similar plans to obtain professional retirement investment advice.

Chairman Boehner's bill requires that investment advice would have to be solely in 401(k) investors' interests, and designed exclusively for their benefit. Any provider that offered investment advice to 401(k) investors would be subject to ERISA's strict fiduciary obligations. This stringent, unambiguous standard is fully enforceable by federal regulators. Plan providers also would be required to provide full and fair disclosure to 401(k) investors.

In addition, H.R. 1000 would require 401(k) plan administrators to provide a quarterly benefit statement to plan participants and beneficiaries that includes information about the value of their assets, their right to diversify, and the importance of maintaining a well-balanced and diversified portfolio. H.R. 1000 also would require employers to allow 401(k) plan participants to diversify out of company stock received as an employer contribution.