

NEWS RELEASE

April 11, 2003

ICI Strongly Supports Introduction of Retirement Savings Legislation, April 2003

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Portman-Cardin Bill Would Help Americans Save for Retirement

Washington, DC, April 11, 2003 - The Investment Company Institute applauded the introduction today of the "[Pension Preservation and Expansion Act of 2003](#)" and urged Congress to enact measures that encourage Americans to save for retirement.

"This important bipartisan legislation builds on the significant reforms Congress enacted as part of its landmark tax relief act of 2001. This legislation represents the next generation of enhancements to our nation's pension and retirement system," Institute President Matthew P. Fink said. The Investment Company Institute is the national association of the investment company industry. Its members include mutual funds, closed-end funds, exchange-traded funds, and unit investment trusts.

The bill, introduced by Representatives Rob Portman (R-OH) and Ben Cardin (D-MD), would provide individuals and families with a number of important enhanced savings tools, further strengthen and expand the employer-sponsored retirement system, offer important new protections to retirement plan participants and would help retirees manage and preserve their retirement assets and income.

The Portman-Cardin legislation would help Americans save for retirement by, among other provisions:

- making permanent all of the retirement savings and pension reforms contained in the 2001 tax relief act (which are currently scheduled to sunset at the end of 2010);
- increasing to age 75 from 70½ the minimum age at which individuals can begin taking distributions from their retirement plans;
- accelerating 401(k) and IRA savings limits contained in the 2001 tax relief act and allowing workers to roll \$500 of unused assets in flexible spending accounts into their retirement plans, speeding eligibility for traditional IRAs, and eliminating the marriage penalties in IRA and Roth IRA rules;
- enhancing portability by allowing rollovers directly to a spouse's retirement plan,

facilitating rollovers by non-spouse beneficiaries, ensuring employees' ability to roll over after-tax contributions, and permitting direct rollovers from workplace retirement plans to Roth IRAs;

- improving existing SIMPLE and SEP retirement plans to make these simplified pension plan designs more attractive to small business;
- streamlining a variety of administrative rules that have unnecessarily increased the cost and complexity of retirement plan sponsorship and administration; and
- providing employees with new rights to diversify company stock contributed to their 401(k) accounts.

"It is essential that Americans of all income levels and in all workplaces have adequate opportunities and incentives to achieve retirement security," Fink said. "The Institute urges Congress to help Americans achieve greater security in their retirement years by enacting these proposals to make the nation's retirement plan system significantly more responsive to the needs of working Americans."

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