

## NEWS RELEASE

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# ICI Strongly Supports Introduction of Retirement Savings Legislation, March 2001

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Washington, DC, March 14, 2001 - The Investment Company Institute applauded the introduction today of the "[Comprehensive Retirement Security and Pension Reform Act of 2001](#)" and urged Congress to enact measures that encourage Americans to save for retirement.

"This bipartisan legislation would make the nation's retirement plan system significantly more responsive to the retirement savings needs of working Americans. It is crucial that Americans of all income levels and in all workplaces have adequate opportunities and incentives to achieve retirement security," Institute President Matthew P. Fink said.

The bill, introduced by Representatives Rob Portman (R-OH) and Ben Cardin (D-MD), would, among other things:

- enhance the portability of retirement benefits;
- increase the \$2,000 contribution limit established for IRAs in 1981 to the inflation-adjusted equivalent of \$5,000;
- increase the contribution limits for 401(k) and 403(b) plans from \$10,500 to \$15,000; and
- provide catch-up opportunities for individuals who began saving for retirement later in their working lives.

A similar bill passed the House by an overwhelming majority of 401 to 25 last year. For reasons unrelated to its own merits, the legislation was not signed into law.

The Institute has long [supported](#) legislative initiatives aimed at providing Americans with opportunities to save for retirement. The vast majority of mutual fund shareholders say that saving for retirement is their primary financial goal. Recent Institute research shows that 42.5 million U.S. households owned IRAs last year, up from 34.7 million the year before. And American workers increasingly are taking advantage of 401(k) plans to build a foundation for their retirement security.

Fink noted that the contribution levels on pensions and IRAs are outdated: "Today's \$2,000 contribution maximum was established 20 years ago and no longer provides sufficient savings opportunities. This failure to keep pace with inflation has hindered the efforts of

many Americans, especially those with no employer-sponsored plan alternative, to accumulate retirement savings."

"The Institute urges Congress to help Americans achieve greater security in their retirement years by enacting these proposals," Fink added. "Unnecessary restrictions that hinder employers from establishing retirement plans and individuals from saving for retirement should be eliminated."

The Investment Company Institute is the national association of the investment company industry. Its members include mutual funds, closed-end funds, and unit investment trusts.

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