

TESTIMONY

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In Congressional Testimony, Stevens Calls for Strengthening the Retirement System

Washington, DC, February 24, 2009 — ICI President and CEO Paul Schott Stevens, in [testimony](#) before the House Education and Labor Committee, offered recommendations to build upon the success of the 401(k) system and strengthen retirement security for American workers.

In his testimony, Stevens echoed calls from Congress to "preserve and strengthen" the 401(k) system. While [ICI research](#) shows that 401(k) plan participants continue to contribute to their plans and want to preserve the system's fundamental strengths, Stevens said that the 401(k) system "can and must be improved."

Stevens then detailed seven proposals ICI believes Congress should consider to achieve this goal:

- Improve disclosure about all investment options in 401(k)s to ensure that participants have key information-about fees, risks, historical returns, and more.
- Relax rules for required minimum distributions to reflect changing life expectancy and to help retirees manage assets in retirement.
- Remove obstacles to allow employers to diversify participants out of heavy concentrations of company stock as they approach retirement.
- Consider requiring all 401(k) plans to incorporate automatic enrollment and automatic escalation, after taking some more time to learn from the tremendous growth in these features.
- Help more employers to offer savings plans by making plan sponsorship less complex, and explore ways to help workers of modest means to put away something for their retirement. Stevens proposed two ideas: A simplified employer plan, which could reduce barriers for employers who want to offer retirement benefits, and a new series of Treasury savings bonds, dubbed "R" Bonds, specially designed to help workers save on a voluntary basis even if they don't have a plan at work.
- Redouble efforts by the financial industry and government to provide financial and investor education to all Americans at every level, elementary school through adulthood. "This is a job for educators, government at all levels, financial institutions,

and all firms that serve the retirement market," Stevens said.

- Put Social Security—which has been and will continue to be the primary source of retirement income for millions of low and moderate wage earners—on sound financial footing.

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