

LETTERS TO THE EDITOR & RESPONSES

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Letter to the Editor, The New York Times: California's Retirement Plan

Letter to the Editor: California's Retirement Plan
(As published [in the New York Times](#) on August 26, 2016)

To the Editor:

You say California will provide a state-run "secure choice" retirement plan for private-sector workers with "fees that are both low and transparent" ("[From California, a Better Way to Retire](#)," editorial, Aug. 16).

The administrative fees of the plan, which will fall solely on workers, are capped at 1 percent of plan assets. Our analysis shows that the state has ignored many costs and probably can't operate under that cap.

But even if it could, 1 percent is substantially more than 401(k) participants or Individual Retirement Account owners pay on average—0.53 percent and 0.69 percent, respectively—for equity mutual funds.

Nor will the California plan be transparent to the low-wage workers who are automatically enrolled. Instead, California's plan is premised on operating without crucial safeguards that have protected retirement savers for four decades.

The Investment Company Institute backs federal reforms—many with bipartisan support—that can make it less costly for employers to provide stronger, more competitive retirement options. That's the truly secure choice for America's workers.

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