

ICI Welcomes Efforts to Improve 401(k) Disclosure, March 2007

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Washington, DC, March 7, 2007 - Paul Schott Stevens, President and CEO of the Investment Company Institute, issued the following statement:

“We congratulate Chairman Miller, Representative McKeon, and the [House Education and Labor Committee](#) for drawing attention to the vital need to help plan sponsors and participants better understand their 401(k) plans. Saving for retirement is a crucial national priority, and we welcome efforts to empower employers and workers as they pursue that goal.

“The Investment Company Institute has advocated clear, [effective disclosure for retirement plans for 30 years](#). Participants need clear, concise information on fees, performance, risks, the investment adviser, and investment objectives, in a form that’s easy to understand, for all investment options in their plan. Additional information can be made available, for example via the Internet. Plan sponsors need to understand all service relationships and fee arrangements that affect their ability to carry out their fiduciary duties. We are actively working with the Department of Labor to improve disclosure on both levels.

“We have long urged the Department to adopt the same disclosure principles--for participants and for sponsors--across the whole array of 401(k) products. Mutual funds that hold 401(k) assets provide participants frequent, clear reports on fees and performance.

“Half of all 401(k) assets are in mutual funds. Our research on mutual fund fees, conducted over the last decade, shows that fees and expenses have fallen over time. Employers and investors tend to seek out lower-cost funds, both in 401(k) plans and outside plans.”

ICI, through the EBRI-ICI database, has tracked the behavior of 401(k) participants for 10 years. We have a wealth of data and knowledge on contribution and investing behavior in these plans. Please feel free to use us as a resource on these issues.