

July 9, 2013

The Honorable Orrin Hatch
Ranking Member
Committee on Finance
United States Senate
104 Hart Office Building
Washington D.C. 20510

Dear Ranking Member Hatch:

I am writing to applaud your ongoing efforts to strengthen the U.S. retirement system. You have championed throughout your career public policies that help Americans save for their retirement years. Nearly two decades ago, you authored, along with Sen. David Pryor (D-AK), the Pension Simplification Act of 1995. More recently, you strongly supported retirement savings plan improvements, including provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Pension Protection Act of 2006, which made permanent the increased contribution limits for IRAs and other qualified plans, including 401(k)s. Building upon the system's tax incentives, plan regulations, and innovation, these improvements have helped Americans accumulate \$20.8 trillion for retirement, including \$11.1 trillion in defined contribution (DC) plans and individual retirement accounts (IRAs).¹ More than 80 million U.S. households have accumulated retirement savings under employment-based retirement plans and IRAs.²

We understand that you plan to introduce the SAFER Pension Act, which aims to build on the strengths and successes of the U.S. retirement system, so that it works even more effectively to help American workers and their families prepare for secure retirements. While we are still reviewing the draft language that was recently shared with us, we note that your bill targets several key areas for improving the system, such as:

- making it easier and more cost effective for small business owners to offer 401(k) retirement plans to their employees;
- encouraging employers to enroll workers automatically at higher levels of savings and to escalate the savings more substantially than is perceived appropriate under current law; and

¹ See Investment Company Institute, "The U.S. Retirement Market, First Quarter 2013" (June 2013), available at www.ici.org/info/ret_13_q1_data.xls.

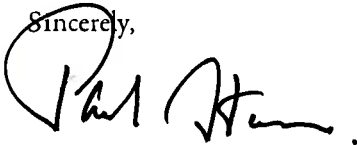
² See Holden and Schrass, "The Role of IRAs in U.S. Households' Saving for Retirement, 2012," *ICI Research Perspective* 18, no 8 (December 2012), Figure 1, p. 3, available at www.ici.org/pdf/per18-08.pdf.

- enabling greater use of electronic delivery of plan information and tools to help workers understand their savings options and make sound decisions.

We look forward to working with you and sharing our ideas for further improving these and other provisions in this important piece of legislation, to ensure their effectiveness and the product neutrality that has helped create our flexible and innovative retirement system.

Thanks to the strengths of our system, successive generations of American retirees have been better off than previous generations.³ The Institute stands ready to assist you in continuing this trend by promoting greater retirement savings opportunities for American workers.

Sincerely,



Paul Schott Stevens
President & CEO
Investment Company Institute

With very best regards.

³ See Brady, Burham, and Holden, *The Success of the U.S. Retirement System*, Investment Company Institute (December 2012), pp. 10-14, available at www.ici.org/pdf/ppr_12_success_retirement.pdf.