

401(k)s

Working for Millions of Workers

Almost 50 million American workers are saving in a 401(k) plan.

That means 50 million views on risk, 50 million timelines for retirement—50 million unique investment goals.

Can one investment meet the needs of 50 million diverse American workers, young and old, cautious and bold, low income and high? Obviously—no.

Yet some in Congress want to mandate one investment option for every 401(k) plan. They'd stamp that option as the government-approved approach to saving. Regardless of risk; regardless of diversification; regardless of time horizon—and contrary to all the sound principles of investing.

One strength of 401(k) plans is that employers pick a menu of investments that meets their workers' goals. On average, 401(k) plans offer 17 options—and more than 70 percent include an index fund on the menu. Let's leave the duty to pick investments in the hands of those who know their workers best—employers.

Congress: Keep Competition, Innovation, and Flexibility in 401(k)s – Because 401(k)s Are America's Retirement Future.



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401(k)s have gone from zero to 50 million savers in just 26 years because they meet the needs of today's workplace. And because a competitive market—with mutual funds as key players—has created innovative products and investments to serve employers and workers alike.

Now one segment of the 401(k) market wants to impose its business model on the rest. Many employers choose the efficiency, expertise, and accountability of full-service 401(k) providers that offer both investments and plan administration. But competitors want Congress to force full-service providers to “unbundle” their prices—putting invented price tags onto services that the provider sells only in a package.

The result: Reams of artificial numbers—and confusion, particularly for small businesses trying to help their workers save for retirement.

Employers need to know what their 401(k) plans cost. Let's give them clarity—not confusion.

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Almost 50 million American workers have put away \$3 trillion for their future in 401(k) plans. And they've entrusted more than half of those savings to mutual funds. It's an honor—and a responsibility—that we take very seriously.

For more than 30 years, ICI has backed reforms to ensure that employers and employees alike understand the services and the costs of their 401(k) plans. Mutual funds are the most strictly regulated and transparent option offered in 401(k)s—and we're proud of that. We are working with regulators to improve 401(k) reporting and bring all 401(k) investment products to the same high level of useful disclosure.

But better disclosure is one thing—mandates are another. Imposing one business model on a competitive market will squelch the innovation that has helped 401(k) plans serve so many so quickly. And mandating investment choices won't help 50 million American workers realize their individual goals of retirement security.

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