



April 23, 2008

The Honorable George Miller
Chairman, Committee on Education and Labor
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Miller:

I write to you today concerned about H.R. 3185, a bill which seeks to further regulate the 401(k) industry, and may have the unintended consequence of fewer 401(k) providers.

No one—not investors, employers, the 401(k) industry, policymakers, nor regulators—have any problem whatsoever with 401(k) fee disclosure. In fact, the Department of Labor has already proposed and is moving to finalize strong mandates in this regard. These rules require disclosure of charges for investment management, plan recordkeeping and plan administration to the extent that separate fees are charged to the plan or that a service provider is actually receiving a payment from another party. Where separate fees are not charged, the total fees charged for providing the bundled services would be provided. This is information that the service providers readily have and can disclose to employers.

Where H.R. 3185 falls short is in effectively discriminating against service providers who choose to bundle their fees. Seventy-five percent of employers, particularly smaller employers, use these bundled arrangements. Using a single provider eliminates the need to monitor multiple service providers to a plan. H.R. 3185 could serve to increase 401(k) fee costs, since the economies of scale small businesses currently enjoy would be endangered. Fee disclosure that investors aren't clamoring for isn't worth imperiling the retirement security of millions of workers.

Sincerely,

Ryan Ellis
Executive Director