



The Honorable Pat Tiberi, Chairman
Pensions/Retirement Tax Reform Working Group
Committee on Ways and Means
United States House of Representatives
106 Cannon House Office Building
Washington, DC 20515

The Honorable Ron Kind, Vice Chairman
Pensions/Retirement Tax Reform Working Group
Committee on Ways and Means
United States House of Representatives
1502 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman and Mr. Vice Chairman:

The Committee on Investment of Employee Benefit Assets (CIEBA) appreciates this opportunity to provide comments to the Pensions/Retirement Working Group regarding the effect of comprehensive tax reform on retirement savings.

CIEBA represents more than 100 of the country's largest corporations. Its members manage more than \$1.5 trillion of defined benefit and defined contribution plan assets on behalf of 17 million plan participants and beneficiaries.

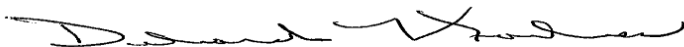
Our private, voluntary retirement system has served millions of Americans for over half a century and tens of millions of retirees rely on defined benefit and defined contribution retirement plans as a critical element of their retirement security. As the Working Group considers changes to retirement rules as part of comprehensive tax reform, CIEBA urges the Working Group to ensure that any contemplated policy change, no matter how well intentioned, does not undermine the retirement security of those participants.

CIEBA members believe that the most effective retirement systems involve the shared responsibility of employees, employers, and government. As the Working Group collects feedback on retirement tax incentives, CIEBA believes you should consider the following principles:

- The primary factor in determining whether or not workers save for retirement is whether or not they have an employer-sponsored retirement plan at work.

- Data from the Employee Benefit Research Institute (EBRI) show workers making between \$30,000 and \$50,000 are over fourteen times more likely to participate in a plan at work than to save on their own in an IRA.
- Employer-provided plans offer invaluable safeguards for employees – fiduciary oversight and investment management, including monitoring fees, selecting investment alternatives, providing financial education, and encouraging savings through payroll deductions.
- The current tax incentives encourage employers to adopt retirement savings plans such as 401(k) plans and encourage employees to save in these plans. Changing the tax rules will significantly reduce employee participation, especially among lower paid employees.
- Under current law, retirement plan tax benefits are distributed fairly – nondiscrimination rules ensure that benefits go to everyone.
- Tax revenues on retirement savings contributions are deferred – **not** lost – as employees begin to retire, distributions from retirement savings will be taxed and will generate revenue.
- Employer-provided retirement savings plans work – we need to expand work-place savings for more workers, especially when Social Security and Medicare are likely to face cuts.

We appreciate the opportunity to provide comments to the Working Group. CIEBA would be pleased to provide any further information or respond to any questions that you or your staff may have.



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