Congress of the United States
Washington, DC 20515

May 3, 2010

The Honorable Hilda L. Solis
Secretary
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

The Honorable Timothy Geithner
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20210

Dear Secretaries Solis and Geithner:

As members of the Republican Savings Solutions Group, we write today to express our strong opposition to any proposal to eliminate or federalize private-sector defined contribution pension plans, such as 401(k)s, or impose burdensome new requirements upon the businesses, large and small, who choose to offer these plans to their employees.

In the Annual Report of the White House Task Force on the Middle Class, Vice President Biden discussed at length the creation of so-called "Guaranteed Retirement Accounts, (GRAs)" which would provide for protection from "inflation and market risk" and potentially "guarantee a specified real return above the rate of inflation" – presumably at taxpayer expense. In the Report, the Vice President recommended "further study of these issues."

The Vice President's comments are troubling, insofar as they come on the heels of testimony before Congress from supporters of GRAs proposing to eliminate the favorable tax treatment currently afforded to 401(k) plans, and instead use those dollars to fund government-invested GRAs into which all employees would be required to contribute a portion of their salary – again, with a government subsidy. These advocates would, essentially, dismantle the present private-sector 401(k) system, replacing it instead with a government-run investment plan, the size and scope of which remain to be seen. This despite data showing that 90 percent of households have a favorable opinion of the existing 401(k)/IRA system.

In light of these facts, we write today to express our opposition in the strongest terms to any effort to "nationalize" the private 401(k) system, or any proposal that would dismantle or disfavor the private 401(k) system in favor of a government-run retirement security regime.

Similarly, and more recently, the Departments of Labor and Treasury have jointly issued a "Request for Information" regarding the "annuitization" of 401(k) plans through "Lifetime Income Options." While we appreciate the Departments' seeking guidance and information

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from all parties and stakeholders in advance of regulatory activity, we strongly urge that the Departments not proceed with any regulation in this area before they have carefully and thoroughly considered all of the information received.

More specifically, we urge that the Departments take no action to mandate that plan sponsors – often, small businesses – include a "lifetime income" or "annuitization" option if they choose to offer a 401(k) plan to their employees, or that beneficiaries take some or all of their retirement savings in such an option. Data shows that 70 percent of Americans oppose the concept of a mandated annuity or government payout of their 401(k) plan. On a more fundamental level, Congress should not be in the business of choosing "winners" and "losers" among retirement security stakeholders. Instead, we urge the Departments to make it easier for employers to include retirement income solutions in their savings plans and to help workers learn more about the value of their retirement savings as a source of retirement income. Finally, to the extent new mandates and bureaucratic red tape from Washington push small employers out of the business of offering these plans to their employees, we would submit such an effort weakens, rather than strengthens retirement security.

We appreciate your consideration of our views in these important matters and stand ready to work with you and the Administration to promote secure and adequate retirement savings for all Americans.

Sincerely,

John Boehner
Member of Congress

John Kline
Member of Congress

Dave Camp
Member of Congress

Sam Johnson
Member of Congress

Dean Heller
Member of Congress

Brett Guthrie
Member of Congress

Michele Bachmann
Member of Congress

Bob Latta
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Pat Tiberi
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Erik Paulsen
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Lynn Jenkins
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Ed Royce
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Buck McKeon
Member of Congress