THE SPARK Institute, Inc.

News Release

DATE: April 30, 2013

CONTACT: Nikki Blackburn
(980) 949-7555

THE SPARK INSTITUTE RAISES CONCERNS TO HOUSE WAYS AND MEANS ABOUT RETIREMENT PLAN RELATED PROVISIONS IN 2014 BUDGET PROPOSAL

SIMSBURY, CT, April 30 -- The SPARK Institute today submitted a Statement to the U.S. House of Representatives Committee on Ways and Means and the Working Group on Pensions and Retirement, raising concerns about 2014 proposed budget provisions that would cap the total amount of savings any individual can accumulate in tax-favored retirement plans and limit the value of exclusions for employee deferrals in 401(k) plans. According to Larry Goldbrum, General Counsel of The SPARK Institute, "At a minimum, the proposals will increase the costs ultimately borne by all American workers trying to save for retirement, not just the higher-income workers whom the provisions target. At worst the proposals will adversely impact the availability of plans and the amounts contributed by employers, particularly among small businesses."

The Statement raises concerns about the complexity that the proposed savings cap would add to the administration and operation of all retirement plans. Many employers identify the complexity of operating a plan as one of the main reasons that they are unwilling to offer one. Existing rules already subject plan participants, particularly higher-income workers, to significant limits on the amounts they can contribute to a plan on an annual basis. According to Goldbrum, "Although the proposed cap on its face may appear to only impact higher-income individuals, it will have implications for everyone who saves for retirement. The administrative, compliance and reporting costs resulting from it will ultimately be borne by all individuals trying to save for retirement, not just higher-income workers."

The Institute is also concerned about new complexities in the latest proposal that would limit the value of exclusions for employee deferrals in 401(k) plans. The most recent iteration included provisions intended to address criticisms about an earlier version that would have resulted in double taxation of deferrals that exceeded the limitation. Goldbrum noted that, "The proposed correction to address the unintended consequence of double taxation would require tracking individual taxpayer basis on the disallowed amounts, which will add further complexity for employers who already struggle with administering complex plan rules."

Goldbrum added that The SPARK Institute recognizes the critical need to resolve the Country's budget and deficit problems, and urged the Committee on Ways and Means and Working Group on Pensions and Retirement not to do so by adding complexity and costs to the voluntary employer sponsored retirement plan system that is already burdened by regulatory complexity. "Congress should be encouraging voluntary plan formation and contributions to retirement plans by employers instead of adding complex and costly provisions that will have the opposite effect," he added.

A copy of the Statement is available on The SPARK Institute's web site at http://www.sparkinstitute.org/comments-and-materials.php.

The SPARK Institute represents the interests of a broad-based cross section of retirement plan service providers and investment managers, including banks, mutual fund companies, insurance companies, third party administrators, trade clearing firms and benefits consultants. Through the combined expertise of its member companies, the Institute provides research, education, testimony and comments on pending legislative and regulatory issues to members of Congress and relevant Government agency officials. Collectively, its members serve approximately 70 million participants in 401(k) and other defined contribution plans.

# # # #