

Info often hidden about 401(k) fees

BY MARCY GORDON
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WASHINGTON — A key House lawmaker said Tuesday that Congress needs to consider making companies that manage 401(k) plans give clearer and more complete information on fees, which can drain thousands of dollars from a worker's retirement savings.

"We have to ask whether all these fees are necessary and we have to examine whether they are undermining workers' retirement security," Rep. George Miller, D-Calif., chairman of the House Education and Labor Committee, said at a hearing by the panel.

Millions of Americans save diligently for their retirement, only to discover later that "there's a lot of people who are putting their hands into that money," Miller said.

Current law does not explicitly require disclosure to investors of comprehensive information on fees connected with 401(k) plans, the employer-sponsored schemes under which workers make tax-deferred contributions from their salaries.

Rep. Howard P. "Buck" McKeon of Santa Clarita, the committee's senior Republican,

warned at the hearing against congressional action that could have unintended consequences, heaping new requirements for 401(k) plan managers atop current ones and overwhelming investors with data.

Changes to current rules shouldn't "overload workers with information," McKeon said.

Similarly, the chairman of the American Benefits Council, which represents employers and 401(k) plan providers, said the group supports disclosure of fees, provided that the information is useful to investors, easy to understand and relevant to investment decisions.

"Congress should be careful not to address the fee issue in such a way that would impose undue costs on employers and thereby undermine the voluntary employer-sponsored system or inadvertently increase fees," Robert G. Chambers testified.

Nearly 50 million U.S. workers have invested some \$2.5 trillion in 401(k) plans, the premier vehicle for retirement savings in this country. The plans have taken on added importance because traditional employer-paid pensions, with a guaranteed monthly benefit, have declined among companies.