

ICI Chairman Flanagan Calls for Improvements to 401(k) Disclosure, May 2007

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Speaks at Association's 49th General Membership Meeting

Washington, DC, May 10, 2007 - Investors in 401(k) plans deserve better disclosure than they currently get, and the mutual fund industry is working to see that they get it, Investment Company Institute Chairman Martin Flanagan said today ([video](#)).

In his opening speech to ICI's 49th General Membership Meeting, Flanagan lauded the extraordinary rise of 401(k) plans during the last quarter-century, when they have accumulated \$2.7 trillion in assets. He said the 401(k) system's tremendous importance to Americans' retirement security militated for clearer, more comprehensive disclosure to plan sponsors and participants.

Whether their 401(k)s are invested in mutual funds, annuities or other products, "workers and sponsors need the same clear and transparent information," said Flanagan, President of AMVESCAP, an investment management company based in Atlanta. "The quality of disclosure that a 401(k) plan receives should be comprehensive and apply to all investment options in the plan."

He said the fund industry was working with the Labor Department, the Securities and Exchange Commission, and Congress "to ensure clarity of our position" and to improve disclosure for employers and workers.

Flanagan's remarks complemented those of Brian Murdock ([video](#)), President and CEO of New York Life Investment Management and Chairman of the 2007 GMM. Speaking just before Flanagan, Murdock noted that traditional pensions have been receding from the landscape and defined contribution plans such as 401(k)s are increasingly taking their place.

Since mutual funds account for roughly half of all 401(k) assets, the fund industry has a special obligation to help investors understand all the costs, risks, and options that retirement investing presents, Murdock said.

“As Americans more and more become investors, we need to help them be better informed,” he said. A move to clearer, more immediate, and more accessible disclosure is “a transition that we must make.”

ICI has asked the SEC to require that all mutual fund investors, whether in a defined-contribution plan or not, receive a brief summary of fees and expenses, risks, historical performance, investment objectives, and the fund adviser’s identity when buying shares.

ICI is the national trade association of the investment company industry, which offers mutual funds, exchange-traded funds, closed-end funds, and unit investment trusts. The General Membership Meeting is one of the fund industry’s largest annual gatherings. This year’s GMM will also feature addresses by Securities and Exchange Commission Chairman Christopher Cox and NASD Chairman and CEO Mary L. Schapiro.

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