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Washington, DC, August 25, 2016—ICI President and CEO Paul Schott Stevens issued the following statement today in response to the Department of Labor's final rule providing a safe harbor from coverage under the Employee Retirement Income Security Act of 1974 (ERISA) for payroll-deduction IRA arrangements established and maintained by state governments for private-sector workers:

"We are disappointed with the Department of Labor's final rule, which exempts state-run retirement programs for private sector employees from vital consumer protections provided by ERISA.

"Significantly, the final rule has removed conditions that would have prohibited states from imposing any restrictions on employee withdrawals from their individual retirement accounts (IRAs). This 'Hotel California' provision effectively allows states to 'lock in' employees and their savings, barring workers from moving their own money to private-sector IRAs that offer lower costs and a broader range of options. We are reviewing the final text of the rule to see what other changes were made and if any effort was made to address the [serious concerns ICI raised with the Department of Labor \(DOL\) in January](#).

"Oddly enough, this is the same Department of Labor that has just imposed a massive new set of 'fiduciary' regulations—projected to cost retirement savers \$109 billion over the next 10 years—on private-sector retirement plans, IRAs, and their advisers, with little justification. Yet the DOL now plans to turn a blind eye on the track record of mismanagement and abuse in state-run programs—whether public employee pension plans or municipal securities disclosure—and exempt new state plans from bedrock investor protections that the private sector has been subject to for 40 years.

"Several states have already moved forward with state-run 'Secure Choice' style plans—programs that are fraught with risks for taxpayers and savers. Our [extensive analysis of California's proposal](#) shows that it will not present a viable means of expanding meaningful retirement savings for private-sector workers and carries tremendous risks that could put taxpayers on the hook for a bailout.

"The Investment Company Institute will continue working with Congress to promote bipartisan, national solutions that will make it less burdensome for employers to provide retirement savings options to their employees."