



August 5, 2008

The Honorable Ron Kind
U.S. House of Representatives
1406 Longworth House Office Building
Washington, DC 20515

Dear Representative Kind:

On behalf of the American Benefits Council (the "Council") and the U. S. Chamber of Commerce (the "Chamber"), we are writing with respect to your bill, H.R. 5160, the Small Businesses Add Value for their Employees Act of 2008 (the "SAVE" Act), to tell you that we support the improvements to the retirement savings system that your bill proposes. Your bill will increase overall retirement savings plan coverage -- a goal that we strongly support -- by making it easier for small businesses to sponsor a retirement arrangement.

The Council is a public policy organization representing principally Fortune 500 companies and other organizations that assist employers of all sizes in providing benefits to employees. Collectively, the Council's members either sponsor directly or provide services to retirement and health plans that cover more than 100 million Americans. Although our member companies are generally large, we are keenly aware of the problems that small businesses face with regard to establishing and maintaining a retirement savings plan. Our member companies strongly believe that encouraging small businesses to sponsor a retirement savings plan will improve the nation's saving rate and retirees' personal financial security. H.R. 5160 will help achieve these goals.

The Chamber is the world's largest business federation, representing more than three million businesses and organizations of every size, sector, and region. More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation's largest companies are also active members. Besides representing a cross-section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business—manufacturing, retailing, services, construction, wholesaling, and finance—is represented. The Chamber is particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

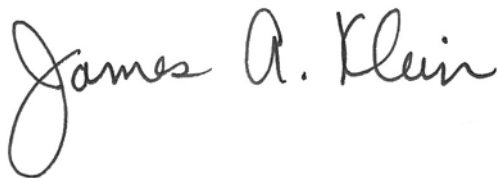
Since they were enacted in 1996, SIMPLE IRAs have been both easy to use and attractive to businesses with fewer than 100 employees. Thousands of businesses have now established SIMPLE IRAs. Our members believe that your bill can increase the attractiveness of SIMPLE IRAs, provide more flexibility to employer plan sponsors, and reduce the administrative burdens associated with sponsoring a savings arrangement. In strengthening SIMPLE IRAs, we want, of course, to ensure that employers continue to have strong incentives to sponsor a qualified retirement plan, whether defined contribution or defined benefit, a goal we know you share. H.R. 5160 will help small businesses take that important initial step into plan sponsorship.

As your legislation moves forward, we hope that there will be an opportunity to assure that the attributes of SIMPLE plans continue to remain distinct from those of qualified plans so that plan sponsors will have the added encouragement to move to qualified plan status. As you know, we also support the goal of making qualified plan sponsorship easy and attractive to small businesses.

We also applaud the approach you have taken in the bill to facilitate employer adoption of payroll deduction IRA arrangements. Rather than imposing a mandate to offer such arrangements, a step that is inconsistent with our voluntary benefits system, you have made these arrangements more attractive for employers to adopt on a *voluntary* basis through tax credits for start-up costs and important clarification of employers' legal obligations. We also appreciate that under your bill the private sector would provide administrative and investment services to payroll deduction IRAs rather than having such services provided via a costly new government mechanism. We agree with you that the private sector can provide the complete range of services necessary to facilitate Americans' retirement savings.

Thank you for introducing this thoughtful and constructive legislation. If we can be of assistance to you as this bill moves through the legislative process, please do not hesitate to contact us.

Sincerely,



James A. Klein
President
American Benefits Council



Randel K. Johnson
Vice President
Labor, Immigration and Employee Benefits

CC: The Honorable Kenny C. Hulshof