



February 13, 2008

The Honorable Ron Kind  
U.S. House of Representatives  
Washington, DC 20510

Dear Representative Kind:

On behalf of the Securities Industry and Financial Markets Association (SIFMA), we write in strong support of H.R. 5160, the Small Businesses Add Value for Employees, or SAVE Act of 2008.

Your legislation addresses a critical retirement savings issue – expanding the number of small businesses that sponsor a retirement plan for their workers. H.R. 5160 includes significant enhancements to an already proven savings incentive – the SIMPLE IRA. First available in 1997, the SIMPLE is an easy to implement savings program that delivers retirement security for both the employer and employees in a small business. SIMPLE's success is largely attributable to the minimal administrative burden borne by the employer and the removal of liability on the employer. Your legislation includes provisions that will provide key enhancements to the SIMPLE IRA and encourage more small businesses to sponsor these plans. Specifically, we applaud the inclusion of provisions that:

- Increase the contribution limit to be consistent with the limit for 401(k) plans
- Permit the plan sponsor to make additional non-elective contributions to participant accounts
- Allow a plan sponsor to move from a SIMPLE to another plan during the year
- Lower the 25 percent penalty for distributions in the first two years

As our experience with the SIMPLE has increased, we strongly believe that the SIMPLE IRA can be even more effective in getting small employers to maintain retirement plans for their employees if the reforms that you propose are enacted into law.

Your proposal also includes a new option for employers who wish to facilitate savings in the workplace through payroll deduction into an individual retirement account (IRA). SIFMA believes that a voluntary incentive – based on savings incentives that already exist - is preferable in order to minimize burdens on small businesses and promote understanding by the public at large.

SIFMA looks forward to working with you and your staff to advance this legislation in the coming months. Please do not hesitate to contact the undersigned or Liz Varley at 202-962-7300.

Regards,

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Government Relations

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