



March 30, 2015

The Honorable Michael B. Enzi
United States Senate
379A Russell Senate Office Building
Washington, DC 20510

The Honorable Bill Nelson
United States Senate
716 Hart Senate Office Building
Washington, DC 20510

Dear Senators Enzi and Nelson,

The American Benefits Council commends you for your leadership in addressing leakage from retirement savings plans. Although the majority of 401(k) plan loans are repaid in-full through payroll deduction, workers can lose valuable retirement benefits if they have a loan outstanding when they lose a job or change jobs. In addition, their participation in retirement savings plans can be interrupted if they take a hardship distribution from their retirement account. The Shrinking Emergency Account Losses Act of 2015 (or "SEAL Act") provides a constructive solution to these concerns and will help American workers be better prepared for their retirement.

The SEAL Act allows individuals who, through loss of their job, a job change or for any other reason, have terminated their employment and have an outstanding loan from their 401(k) plan, an extended period of time to roll over the unpaid balance to another qualified savings vehicle. The SEAL Act extends this period to the end of the year in which the loan was distributed, plus extensions. In addition, the SEAL Act removes the prohibition on plan participation applicable to any individual who took a "hardship distribution." The prohibition on plan participation placed on individuals who take a hardship distribution is inappropriate. Workers who have a financial emergency should not be discouraged from continuing to save for retirement and the SEAL Act corrects that.

Employer-sponsored retirement savings programs offer critical support to workers and are highly successful in helping Americans meet their retirement income needs. These plans are enormously popular with American workers. The SEAL Act will make the programs even more effective for employees.

Thank you so much for introducing this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Lynn D. Dudley". The signature is fluid and elegant, with the first letters of each name being capitalized and prominent.

Lynn D. Dudley
Senior Vice President,
Global Retirement
& Compensation Policy
American Benefits Council