

# CFDD Legislative Update

## Written By: Kathryn Capage, Invesco Aim

### Pending Legislation April 2009

Some topics likely to get Congressional attention in 2009 include the ability of the current 401(k) system to provide sufficient retirement security, the development of 401(k) fee disclosure legislation, investment advice and the appropriateness of pension plan investments. At least two items outlined in the Obama Administration's 2010 budget proposal (mandatory payroll deduction IRAs and an expansion of the saver's credit) may also result in legislative initiatives. Notice that the American Recovery and Reinvestment Act of 2009 and the Lilly Ledbetter Fair Pay Restoration Act were already enacted this quarter. Besides these laws, the following represent bills that are actively being considered by Congress at this time. For more information on these and other bills, go to the Library of Congress Web site at: <http://thomas.loc.gov>.

<b>Required Minimum Distributions</b>		
<b>Bill</b>	<b>Description</b>	<b>Outlook/Effective Date</b>
Retirement Account Distribution Improvement Act of 2009 – S. 157 Snowe (R-ME)	<ul style="list-style-type: none"> <li>• Expands the temporary waiver of required minimum distribution rules from tax-deferred retirement plans to 2008, 2009 and 2010.</li> <li>• Provides for recontribution of distributions made in 2008 or early 2009.</li> </ul>	Introduced on 1/6/09—referred to Finance Committee
(untitled) H.R. 882 King (R-NY)	Would raise age at which distributions from qualified retirement plans were required to begin from 70-1/2 to 75.	Introduced on 2/4/09—referred to Ways and Means Committee.

<b>Savings Accounts</b>		
<b>Bill</b>	<b>Description</b>	<b>Outlook/Effective Date</b>
Worker Savings Account Act of 2009 – H.R. 153 McHugh (R-NY)	<ul style="list-style-type: none"> <li>• Would create a program allowing workers to contribute up to \$5,000 annually on a tax-advantaged basis to use tax-free during times of unemployment or disability.</li> <li>• Employers could match the worker's contributed amount 100%.</li> <li>• Would make a portion of the saver's credit refundable and require increases in the saver's credit to be paid into a worker's savings account.</li> </ul>	Introduced on 1/6/09—referred to Ways and Means Committee (bill reintroduced from last year).

<b>Fee Disclosure</b>		
<b>Bill</b>	<b>Description</b>	<b>Outlook/Effective Date</b>
Defined Contribution Fee Disclosure Act – S. 401 Harkin (D-IA)	<ul style="list-style-type: none"> <li>• Increase the fee information required to be provided to sponsors of defined contribution plans. This information would then be passed on to participants upon request.</li> <li>• Require participants to be given information about the overall levels of fees when they choose investment options and on their quarterly statements. The pre-selection notice would include other critical information for plan selection such as historical returns, the level of risk and basic investment guidance. A quarterly statement would help individuals to understand over time how much they have paid in fees and help them to compare fees against returns.</li> <li>• Require disclosure of relationships between all parties with financial interest in the plan.</li> </ul>	Introduced on 2/9/09—referred to Health, Education, Labor and Pension Committee. Would be effective for plan years beginning after 12/31/11 and would require Department of Labor (DOL) to issue final regulations a year earlier.

<b>Executive Pay</b>		
<b>Bill</b>	<b>Description</b>	<b>Outlook/Effective Date</b>
American Recovery and Reinvestment Act of 2009- H.R. 1 Obey (D-WI) Public Law 111-5	Law imposes a number of executive compensation restrictions and corporate governance standards applicable to all past and future recipients of financial assistance from the federal government under the Troubled Asset Relief Program (“TARP”).	Signed into law by President Obama on 2/17/09. (Amends and replaces corporate governance and executive compensation requirements of the TARP as created under the Emergency Economic Stabilization Act of 2008.)
Economic Recovery Adjustment Act of 2009-S.431 Whitehouse (D-RI)	Establishes an Office of the Taxpayer Advocate in the Justice Department that would conduct ongoing audits and oversight of executive compensation received by TARP recipients.	Introduced on 2/12/09 and referred to the Committee on Banking, Housing and Urban Affairs.
Cap Executive Officer Pay Act of 2009- S. 360 McCaskill (D-MO)	Would require entities that receive or have received emergency economic assistance under the TARP to cap annual compensation paid to officers, directors, executives or other employees. Compensation would be capped at the salary paid to the President of the United States (\$400,000). This limitation would apply while any TARP assistance was outstanding.	Introduced on 1/30/09 and referred to the Committee on Banking, Housing and Urban Affairs.

Fiduciary Liability		
Law	Description	Outlook/Effective Date
Lilly Ledbetter Fair Pay Restoration Act – S. 181 Mikulski (D-MD) Public Law 111-2	Overturns Supreme Court decision in Ledbetter vs. Goodyear Tire and Rubber Co. Court had ruled that time limit for filing discrimination claim does not restart with each paycheck. Law now allows paycheck restart. [This law may have implications for retirement plans (e.g. by forcing employers to recalculate benefits using increased compensation.)]	Signed into law by President Obama on 1/29/09—effective 5/28/07 (the day before the Supreme Court's decision).

Source: Library of Congress

CFDD= Center for Due Diligence; H.R. = House of Representatives; IRA= Individual Retirement Account

**Consider the investment objectives, risks, and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial advisor and read it carefully before investing.**

Please note: This primer is not intended to be investment advice. The information presented is based on current interpretation of pending retirement legislation. State laws may differ.

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