



**NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS**

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**RETIREMENT PLANNING HELP COULD BE ON THE WAY**

*House Bill Would Allow 401(k) Sponsors to Provide Investment Advice to Plan Participants*

**December 15, 2005** – The National Association of Insurance and Financial Advisors (NAIFA) commended the U.S. House of Representatives for passing legislation today that would give much-needed investment advice to participants of employer-sponsored 401(k) retirement plans.

A NAIFA-backed provision in the Pension Protection Act would allow companies that sponsor 401(k) plans on behalf of employers to make advice available to the employees participating in the plans by tapping into the expertise of agents of insurance company 401(k) plan providers. Currently, the Employee Retirement Income Security Act's (ERISA) prohibited transaction rules make it difficult for agents to provide that advice.

“The action taken by the House today is a giant step in the right direction,” proclaimed NAIFA president David E. Smithkey, CLU, RFC. “Study after study shows that Americans aren't getting the advice they need to make informed investment decisions about their retirements, including 401(k) participants. Rep. John Boehner [R-Ohio, chair of the House Education and the Workforce Committee] realized the time is now to change the rules to help provide the millions of Americans with 401(k) accounts to get much-needed advice from the those in the best position to offer it.”

David F. Woods, CLU, ChFC, LUTCF, NAIFA's chief executive officer, hopes that House leaders will be firm in negotiations with the U.S. Senate as the two houses of Congress meet to iron out differences in their pension reform bills. The Senate's version, the National Employee Savings and Trust Equity Guarantee (NESTEG) Act of 2005, “does nothing to address the barrier imposed by ERISA rules, and, as a consequence, would do little to increase the availability of investment advice to 401(k) beneficiaries,” he said. “Any pension reform bill sent to President Bush that didn't include the investment advice provision will put hard-working Americans in serious financial peril when they reach their retirement years.”

Conversely, Mr. Woods hopes House leaders will accept a provision in the Senate version that clarifies rules governing the sale of corporate-owned life insurance, or COLI. Such a provision is not included in the House bill. COLI provides workers with valuable financial benefits.

**About NAIFA:** Founded in 1890 as the National Association of Life Underwriters, NAIFA comprises 800 state and local associations representing the business interests of 225,000 members and their employees nationwide. Members focus their practices on one or more of the following: life insurance and annuities, health insurance and employee benefits, multiline, and financial advising and investments. NAIFA's mission is to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members.