

March 15, 2017

The Honorable Lamar Alexander
455 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Alexander,

The American dream does not aspire that one retire into poverty -- or not even retire at all, due to inadequate savings. Yet that is the worrisome path ahead for tens of millions of Americans, who have saved little or not at all and will thus face an array of tough financial choices including food, housing and healthcare. At the same time, this growing wave of the financially underprepared will strain taxpayer-funded safety net programs and put a chill on the overall economy.

The Country is at a Crossroads

America's retirement savings crisis is becoming critical and impacts every state, as well as the federal government and taxpayers who may have to bear the burden of underfinanced retirements in the coming decades. The Employee Benefit Research Institute estimates the retirement coverage gap to be more than \$4 trillionⁱ. That's a wake-up call to all of us, and demands action. The lack of participation in defined contribution plans is significant. Contributing to the severity of this crisis: Some 55 million working Americans don't even have the option to set money aside for retirement through an employer-sponsored plan. We know from research that people are 15 times more likely to save, when they can save at workⁱⁱ.

States are Working to Solve the Coverage Problem

There is no single, elegant, simple solution to helping hardworking Americans gain their dream of a secure retirement. Social Security isn't enough, and so the accumulation of more personal savings will give retirees a higher quality of life, more disposable income, and more opportunities to dream.

As financial industry leaders, we know a basic truth: Congress should keep every option on the table that makes retirement savings easier, particularly expanding coverage under existing workplace-based plans. Those approaches should include multiple employer plans (known as "open MEPs") as well as state-based innovations providing for retirement savings at work.

There are a variety of state-facilitated initiatives that can help jump-start savings and may lead to billions more dollars being saved, by a large number of workers. Some of these programs can help to overcome the inertia of indecision by employing auto-enrollment to get millions of people past that difficult first step. They can help create a new culture of saving. And they may be positive for small businesses, who have asked for simpler, more cost-effective programs to help provide workers with an option to build a more secure future.

Likewise, we encourage Congress to find ways to reduce the administrative burden associated with 401(k) plans as an additional way to encourage smaller employers to help their employees save for

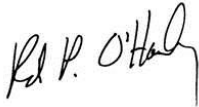
retirement. We also believe that an employer-directed retirement plan in compliance with ERISA should provide automatic exemption from any state retirement plan.

Access at Work and Best Practices Such as Auto-Enrollment Create Results

States and investment managers are coming together to improve retirement savings: Our industry stands ready to provide the secure savings tools, including through state-facilitated initiatives, to help these millions of new savers get started and build assets toward their retirement security. That will be good for those families, it will be good for the economy, and it will be good for America.

Personal savings are key to the American Dream. Congress should widen the options to help solve America's retirement savings crisis.

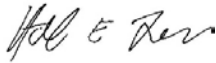
Sincerely,



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President & Chief Executive Officer
State Street Global Advisors



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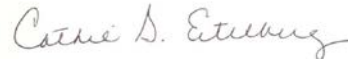
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ⁱ The 2015 Retirement Confidence Survey, Employee Benefit Research Institute (EBRI)

ⁱⁱ Data compiled by AARP's Public Policy Institute from unpublished estimates from the Employee Benefit Research Institute of the 2004 Survey of Income and Program Participation Wave 7 Topical Module (2006 data)