



61 W. 23rd Street
New York, New York, 10010

November 23, 2015

The Honorable Jared Polis
Committee on Education & the Workforce
1433 Longworth House Office Building
Washington, DC 20515

Re: RETIRE Act (H.R. 2656)

Dear Representative Polis:

We are writing on behalf of Betterment LLC, an SEC-registered investment adviser, in support of the Receiving Electronic Statements to Improve Retiree Earnings (RETIRE) Act (H.R. 2656). The Act will significantly reduce costs, while simultaneously improving the effectiveness of plan communications.

Legal requirements to deliver plan communications by mail as a default add \$300-750 million in costs to retirement plans. At least two-thirds of the cost savings expected from switching from “opt out” to “opt in” mail delivery are likely to be passed directly to plan participants.¹ We have found that many plan administrators charge a fixed fee per participant to cover the cost of mailing account disclosures and other administrative burdens. The impact of these costs fall disproportionately on participants with fewer assets.

At Betterment, we deliver documentation related to IRA accounts electronically. This is one reason we are able to charge among the lowest fees in the industry, with no minimum account balance. With the launch of Betterment for Business, a 401(k) offering, we are extending this cost-saving efficiency to ERISA-qualified plans.² The RETIRE Act will help us achieve this goal.

Our experience suggests that electronic delivery is not only less expensive but also more effective than paper delivery. By adding hyperlinks, rich text, and other user-friendly features, we can create simple disclosures that are informative and interactive. Furthermore, because the

¹ Quantria Strategies (Prepared for The SPARK Institute), “Improving Outcomes with Electronic Delivery of Retirement Plan Documents” (June 2015), available online at http://www.sparkinstitute.org/content-files/improving_outcomes_with_electronic_delivery_of_retirement_plan_documents.pdf.

² “Betterment for Business: The Best 401(k) for Employers and Employees” (Sept. 11, 2015), available online at <https://www.betterment.com/resources/inside-betterment/product-news/betterment-for-business-the-best-401k-for-employers-and-employees/>.

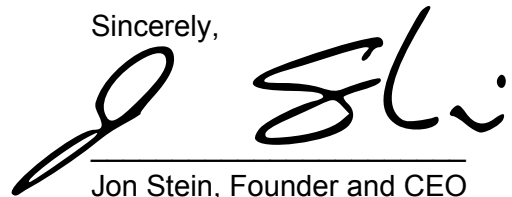
impact of these enhancements can be monitored with a high level of granularity, we can use sophisticated iteration processes to constantly improve these communications, in order to better educate participants and help them reach their retirement goals.

Under the RETIRE Act, participants can always opt in to receive plan communications by mail. In a survey by Greenwald & Associates, 84% of employees are agreeable to receiving communications electronically provided they can opt out.³ Even among populations less accustomed to newer technology, we expect adoption to grow, as participants realize additional benefits, such as an interactive calculators or topical links that go into further detail on certain terms. Considering that penetration of mobile and internet banking has doubled since 2008, there is no reason to think that the overwhelming majority that already prefer electronic communications will not continue to grow.

We believe the RETIRE Act will provide clear benefits to the over 50 million Americans contributing to a 401(k) account. At Betterment, we are avid believers that innovative technology, including electronic communications, bring down the cost and increase the rate of saving for retirement. We are strongly in favor of passage of the RETIRE Act and other legislation that promotes innovation.

We would be pleased to discuss these points further and provide any additional information you find helpful. Please feel free to contact us at jon@betterment.com if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Stein', is written over a horizontal line. The signature is fluid and cursive.

Jon Stein, Founder and CEO

³ Greenwald & Associates (Prepared for The SPARK Institute), "Appendix A – PLAN PARTICIPANT VIEWS ON PAPER VERSUS ELECTRONIC DELIVERY OF PLAN DOCUMENTS" (January 2015), available online at http://www.sparkinstitute.org/content-files/improving_outcomes_with_electronic_delivery_of_retirement_plan_documents.pdf.