



THE PLAN SPONSOR COUNCIL OF AMERICA
Serving Retirement Plan Sponsors for More than 60 Years
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Edward Ferrigno
Vice President, Washington Affairs

March 21, 2013

The Honorable Bill Nelson
The Honorable Mike Enzi
The United States Senate
Washington, DC

Dear Senators Nelson and Enzi,

The Plan Sponsor Council of America is please to support the Shrinking Emergency Account Losses Act of 2013. We commend you for your leadership on this important issue.

The SEAL Act provides a significantly extended period for participants with outstanding loans that become unemployed or are subject to a plan termination to avoid onerous tax consequences when a loan is considered to be distributed. The tax assessment can be avoided by rolling over the unpaid loan balance to another qualified savings vehicle. Under current law, such a rollover must be completed within 60 days of the distribution, a period far too short for a laid off worker to get back on their feet.

The Act also instructs the Secretary of the Treasury to modify the safe harbor regulation for hardship distributions to remove the requirement that a participant cannot contribute to a 410(k) plan for six months following a hardship distribution. We have long struggled with the policy justifications for this restriction and are very pleased to see it removed.

Thank you again for addressing these important issues.

Ed Ferrigno