

THE  
NEW ENGLAND  
COUNCIL

April 13, 2004

Dear Congressman:

On behalf of the New England Council, I am writing to urge you to please use us as a resource as you consider provisions in mutual fund legislation currently before Congress that are of particular importance to New England. It is crucial to the region that when you consider any legislative response to recent investigations that they are reasonable and thoughtfully considered so as to restore public confidence in investing in the future. Any reforms that are considered must not disenfranchise the investor.

As you know, the first mutual fund was started in Boston in 1929. Since that time, the mutual fund industry has become closely associated with New England. There are currently over 8,200 mutual funds with over \$6.3 trillion in assets, based on 2002 numbers. Over ninety million individuals own mutual funds in the United States. The typical fund-owning household has a median of \$40,000 invested in four mutual funds. Mutual funds own over 20% of all U.S. corporate equity.

The growth of 401(k)'s and the corresponding expansion of the mutual fund industry resulted in enormous growth in the retirement market in New England. From 1990 to 2002, retirement assets held in all types of investment vehicles more than tripled from \$4.1 trillion to \$10.2 trillion, nationally. During this time, the mutual fund share of retirement assets quadrupled from 5% to 22%. The industry currently serves over 54 million mutual fund shareholders. As you know, these substantial increases were largely due to the shift to defined contribution plans (401(k)) – where assets have increased from \$400 billion in 1990 to over \$1.5 trillion in 2002. The greater utilization of IRAs, especially rollovers, has also contributed to the surge in mutual funds, totaling over \$2 trillion.

Needless to say, New England is the center of retirement savings. Currently, New England's financial services industry, which employs over 400,000 throughout the region, manages in excess of a trillion dollars in assets for tens of millions of retirement customers worldwide, capturing twenty-five percent of the retirement market. Four of the top ten managers of defined contribution assets are headquartered in New England.

It is of the utmost importance that the interest of the investor is accounted for and that legislative initiatives, if undertaken, actually advance the needs of the investor. The New England Council, and its many New England based members within the financial services industry, would like to be a resource for you as you consider specific legislative provisions and their potential impact on investors and the mutual fund business community. As always, if you have any questions or concerns about this or any other issue, please do not hesitate to contact our office.

Very Truly Yours,

James T. Brett  
President & CEO