

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES WASHINGTON, DC 20515

June 15, 2022

The Honorable Gene Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, N.W.
Washington D.C. 20548

Dear Mr. Dodaro:

Defined contribution (DC) plans are a key source of retirement security for millions of older Americans. According to data from the Federal Reserve, at the end of 2021, DC plans held over \$9.4 trillion in financial assets for workers and retirees in the private sector and more than \$1.3 trillion for federal, state, and local workers and retirees. Further, rollovers from DC plans are a key source of the \$10.9 trillion fair market value of individual retirement accounts at the end of 2019, according to data from the Internal Revenue Service. As DC plans have become the predominant retirement savings plan, individuals are increasingly responsible for planning and managing their own retirement savings, making decisions about how much to save and determining how to invest those savings in order to accumulate sufficient retirement savings and ensure their savings last through retirement.

Recent announcements from major DC plan providers indicate that many employers who sponsor DC plans will have the option to allow their employees to invest in cryptocurrencies. However, concerns have arisen about the risks to older Americans' retirement security of using retirement accounts to invest in cryptocurrencies due to their volatility and limited oversight.

In 2022, the Department of Labor cautioned that DC plan sponsors should exercise extreme care before they consider adding a cryptocurrency investment option to their plan, given the risks and complications these assets pose to both participants and sponsors. The Department of Labor said it will investigate DC plans that enable investments in cryptocurrencies to assess how sponsors of these plans maintain their fiduciary obligations to participants and beneficiaries.

Given the importance of savings in DC plans for Americans who are planning and managing their retirement, we would like GAO to:

- Determine the extent to which investment options for cryptocurrency are being offered by firms with a listing of the types of firms, for instance by size, offering the options and the extent to which the investment options for cryptocurrency are being utilized by sponsors of 401(k) plans.
- Describe how DC plans administer cryptocurrency investment options, such as determining their valuation, the types and levels of fees associated with them, and safeguards, if any, that plan fiduciaries report using to maintain their fiduciary obligations to participants and beneficiaries.

- Assess the oversight of cryptocurrency investment options in 401(k) plans by the relevant agencies, and guidance federal agencies provide to plan sponsors, participants, and beneficiaries about investing in cryptocurrency and examine the current restrictions, if any, on investments in cryptocurrency in 401(k) plans.

Thank you in advance for your consideration of this request. Please contact Kara Getz at (202) 236-4163 or Mai Lan Rodgers at (202) 821-7097.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard E. Neal". The signature is fluid and cursive, with a horizontal line underneath it.

Richard E. Neal
Chair
Committee on Ways and Means