Sent via email

August 28, 2025

The Honorable French Hill
Chairman
House Financial Services Committee
2129 Rayburn HOB
Washington, D.C. 20515

The Honorable Andy Barr
Chairman
Subcommittee on Financial Institutions
House Financial Services Committee
2430 Rayburn HOB
Washington, D.C. 20515

Re: Feedback Request on Consumer Financial Data Privacy

Dear Chairman Hill and Chairman Barr:

On behalf of the SPARK Institute, we appreciate this opportunity to share our views on the current legal protections for consumer financial data and potential data privacy proposals that may come before the House Financial Services Committee.

The SPARK Institute represents the interests of a broad-based cross section of retirement plan service providers and investment managers, including banks, mutual fund companies, insurance companies, third party administrators, trade clearing firms, and benefits consultants. Our members are dedicated to ensuring the privacy of the consumer financial data they handle for the approximately 110 million employer-sponsored retirement plan participants they serve.

Every day, SPARK members utilize retirement plan participant data to perform important and necessary functions to help facilitate the retirement success for millions of workers. SPARK members are uniquely positioned to understand the challenges of complying with a complex matrix of privacy and other laws governing the use and disclosure of retirement plan participant data, at both the federal and state level. We also appreciate the difficulty of developing privacy policies that, in the context of retirement plan data, do not unnecessarily disrupt an already heavily regulated voluntary system.

SPARK's Core Privacy Principles. These experiences and insights guided our development of SPARK's Core Privacy Principles, which are attached for the Committee's consideration as it begins studying potential legislative proposals relating to consumer financial data privacy.

In broad terms, SPARK supports a comprehensive federal data privacy law that:

- preempts all current and future state-based data privacy standards in order to avoid a patchwork of regulation that increases costs and operational complexity for employee benefit plans;
- includes a specific carve-out for employee benefit plans, which are already heavily regulated through ERISA and other laws;

- provides flexible and industry neutral standards that can be appropriately tailored to the unique circumstance of regulated firms; and
- does not include any private right of action, which would be subject to the same abuses by the plaintiffs' bar as the ERISA private right of action currently being used to support an unprecedented number of questionable class action lawsuits against retirement plan sponsors, fiduciaries, and service providers.

SPARK'S Response to Feedback Request. Beyond these Core Principles, we offer three additional observations in response to specific issues covered by your request for feedback.

First, SPARK supports explicit carveouts for employment data, including benefit plan data, and we highlight the employment data carveouts included in the data privacy frameworks enacted by Colorado and Virginia as models for possible federal data privacy legislation.[1] SPARK believes these carve-outs are essential to avoiding conflicting legal obligations that could substantially increase the cost, complexity, and risk of administering employee benefit plans.

Second, we would like to reiterate SPARK's support for entity-level exemptions for institutions covered by the Gramm-Leach-Bliley ("GLB") Act. These exemptions are essential to avoiding redundant, and potentially conflicting, obligations pursuant to overlapping federal regulatory regimes.

Third, regarding proposals to mandate data deletion for inactive accounts, we urge extreme caution. Retirement accounts may remain dormant for years, but participant data is still needed to protect participants' rights and for plan sponsors to be able to satisfy various legal and fiduciary obligations. Examples include the Internal Revenue Code's minimum required distribution rules and ERISA fiduciary obligations with respect to missing plan participants.

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The SPARK Institute appreciates your interest in these important issues and the opportunity to provide these comments. If you have any questions or would like more information regarding this letter, please contact the SPARK Institute's outside counsel, Chris Gaston (cgaston@davis-harman.com), Davis & Harman LLP.

Sincerely,



Tim Rouse
Executive Director

[1] California previously recognized the importance of excluding employment-related data from its California Consumer Privacy Act. Unfortunately, legislative changes reversed this approach, creating legal ambiguity for employee benefit providers. Among other things, this reinforces our earlier point about the need for a comprehensive federal data privacy framework that preempts state laws.

The SPARK Institute
Core Privacy Principles

Principle	Description
Comprehensive National Framework	A national law on privacy would replace and supersede 50 state level laws
Regulator Enforced	No private right of action
Industry Neutral	Allow members who offer a variety of services to have a single compliance strategy if they so choose
Flexible	Recognition that members may prefer different paths to compliance
Use of Data in the Employment Context Should be Expressly Permissible	Provide explicit language in federal law making it tougher for non-primary privacy regulators to reach an alternative conclusion when addressing employee benefits