March 25, 2015

VOTE NO ON AMENDMENTS TO SLOW DOWN OR DERAIL DOL FIDUCIARY RULEMAKING

Dear Senator,

As organizations that strongly support the Department of Labor's (DOL) efforts to update and close loopholes in the 40-year-old rules governing retirement account financial advice, we urge you to reject any amendments to slow down or derail DOL rulemaking that may be offered during the Senate's consideration of the 2015 budget. An amendment may take the form of defunding or otherwise halting the DOL rulemaking initiative, as with Senator Isakson's amendment #610, or by requiring the DOL to wait for the Securities and Exchange Commission (SEC) to issue its own regulations governing investment advice.

As a result of outdated rules that are riddled with loopholes, financial professionals who provide retirement account investment advice to hardworking Americans are not legally required to put their client's best interest ahead of their own. As a consequence, retirement savers may receive advice that is better for the person providing that advice than it is for the saver's retirement security. Too often, advisers recommend investments that pay lucrative commissions but saddle their clients with high fees and subpar returns.

Conflicted investment advice has real costs. According to a recent report from the White House Council of Economic Advisors, retirement savers lose an estimated $17 billion per year as a result of retirement investment advice that does not put their best interests first. While all Americans stand to benefit from retirement investment advice that is in their best interest, it is particularly true for "small savers." Because they already struggle to set aside adequate retirement savings, moderate-income savers are particularly hard hit by harmful industry practices.

The DOL has clear jurisdiction to address this problem under the Employee Retirement Income Security Act (ERISA), which gives the DOL exclusive authority over retirement accounts. Congress intended DOL to safeguard these important, tax-subsidized account assets, which largely determine the quality of life that awaits us in retirement. The SEC, by contrast, has a separate mandate and mission, one that addresses only *securities* investments, not the broader array of assets that often populate retirement accounts. Last month, the DOL sent its proposal to update and close loopholes in its rules under ERISA to the Office of Management and Budget for interagency review and it is expected that the proposal will be issued for public comment in the coming months. The proposed rule should at least move to the public comment period so that all stakeholders have a full and fair opportunity to comment on the true scope of the problem and how the DOL proposes to solve it.

We urge you to oppose any amendments offered on the Senate floor during the budget process that would have the effect of blocking the DOL's important and needed efforts to protect retirement savers. We encourage you to stand with your constituents – who are saving for retirement and deserve to have the best financial advice for their future – by allowing the DOL's rulemaking process to move forward.

Sincerely,

AARP
AFL-CIO
AFSCME
Americans for Financial Reform
Better Markets
Consumer Federation of America
Pension Rights Center