July 21, 2015

Office of Regulations and Interpretations
Office of Exemption Determinations
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Re: Conflict of Interest Rule, RIN 1210-AB32
Proposed Best Interest Contract Exemption, ZRIN: 1210-ZA25

Comments submitted by Center for Community Change in support of the U.S. Department of Labor's conflict of interest rule proposal.

The Center for Community Change (CCC) builds the power and capacity of low income people, namely that of people of color, to improve their communities and the policies that directly affect them. This work includes supporting policies that promote retirement security, specifically for women, seniors, and people of color. We support a network of state-based organizations and individual community leaders, ensuring that grassroots voices are heard in the debate. In the last four years our retirement security work has engaged millions of people across the country through workshops, trainings, public events, educational forums, rallies, and e-mail/online campaigns.

We are writing to express our strong support for the U.S. Department of Labor's (DOL) efforts to protect the public through the conflict of interest rule proposal, which would stop workers from losing their hard earned retirement savings as a result of conflicted advice about their retirement savings plans. The DOL has taken one great step towards providing economic justice and security to communities disproportionately affected by financial advice that is not in the best interest of clients.

At CCC, we have been devoted to working with our grassroots partners to protect and expand Social Security, Medicare, and Medicaid to ensure a thriving future for America's seniors, children, disabled individuals, and all those who depend on our nation's social insurance programs. This also means protecting those Americans who rely on retirement savings bolstered by sound investment advice to help supplement their Social Security income.

The communities we work with are disproportionately affected by the provision of conflicted advice by financial advisors, who most people believe are working in their best interest. Specifically, women are more likely to experience financial insecurity, both in the workforce and in retirement, as they statistically live longer and require more resources to support a long lifespan. Women are also paid less than men throughout their lifetimes. Although women typically save 7 to16% more for retirement and begin saving earlier,[1] this increase in savings does not make up for a lifetime of gendered wage discrimination. Women's retirement security is also impacted by caregiving responsibilities, which often lead women to take time out of the paid workforce. Caregivers' hard, unpaid labor is currently not counted towards Social Security benefits, and women who step out of the paid workforce are unable to save for retirement during these periods. In 2011, one study estimated that women who leave the workforce to care for aging parents lose approximately $324,044 from lost wages, pensions and lower Social Security benefits.[2] The

[1] The Vanguard Group, How America Saves 2015, a report on Vanguard 2014 defined contribution plan data http://vgi.vg/1NjzhFv.
[2] The MetLife Study of Caregiving Costs to Working Caregivers "Double Jeopardy for Baby Boomers Caring for Their Parents". MetLife Mature Market Institute, National Alliance for Caregiving, Center for Long Term Care

DOL proposed rule benefits the millions of women who are struggling to save for retirement while juggling work—often at lower wages than men – and caregiving responsibilities.

People of color are also largely affected by conflicted advice by financial advisors and retirement insecurity. Households of color are more likely to work in jobs that do not offer retirement benefits, are less likely to have savings dedicated to retirement, and overall have lower retirement savings than whites. Protecting the retirement savings that households of color have is of critical importance, yet people of color are also more likely to receive investment recommendations that result in poor performance and excessive fees that exhaust their accounts over time. Job instability also makes African Americans and Latinos more likely than whites to cash out retirement plans when changing jobs,[3] triggering taxes and penalties, and further depleting retirement savings. A 2010 study found that 42% of African-Americans responded that they had sought advice from a financial advisor, company, or professional.[4] The DOL's proposed rule will help to ensure this financial advice is sound.

The Department of Labor's proposed rule will provide critical protection for all Americans, especially the communities we work with whose savings for retirement are most compromised, by ensuring retirement investment advice is free from harmful conflicts of interest. We urge the DOL to finalize these rules in order to ensure necessary protections are in place for the millions of Americans who are saving for retirement.

Sincerely,

Allegra Baider
Deputy Director of Public Policy
Center for Community Change

Research, June 2011: http://www.caregiving.org/wp-content/uploads/2011/06/mmi-caregiving-costs-working-caregivers.pdf.

[3] 401(k) Plans in Living Color, A Study of 401(k) Savings Disparities Across Racial and Ethnic Groups The Ariel/Aon Hewitt Study 2012, http://bit.ly/1Ii08lV.

[4] Ariel Investments, Black Investor Survey 2010: Saving and Investing Among Higher Income African-American and White Americans, July 21, 2010, http://bit.ly/1GxB6ur.