



JOHN CHIANG  
TREASURER  
STATE OF CALIFORNIA

September 9, 2015

The Honorable Thomas E. Perez  
Secretary  
U.S. Department of Labor  
200 Constitution Ave., NW  
Washington, D.C. 20210

Re: Definition of the Term “Fiduciary”; Conflict of Interest Rule—Retirement Investment Advice

Dear Secretary Perez:

As California State Treasurer, I support the efforts by the Department of Labor (Department) to update the definition of “fiduciary” to apply to a wider array of advice relationships than existing regulations. I believe strong consumer protections and greater transparency in consumer finance are vital to the economic security of all Californians. In my tenure as both Treasurer and Controller of the State of California, I have long been devoted to ensuring all Californians have access to the financial tools they need to achieve financial security and that they can access to the information they need to make sound financial decisions.

The concept behind the proposed rule and exemptions would appear to bolster consumer protections for retirement plan participants by ensuring financial professionals who provide retirement advice and products to act in their clients’ best interest. The application of the rule to include Individual Retirement Accounts (IRAs) would help to protect the millions of IRA investors from harmful conflicts of interest that could cost IRA investors billions of dollars over the next 20 years.

Retirement insecurity is not unique to California. Nationwide, about half of households age 55 or older have no retirement savings and have few other resources to draw on in retirement. Though Social Security is vital to the financial security of Americans, its benefits alone are not enough to sustain them in retirement.

I believe the proposed fiduciary rule will improve retirement security by holding fiduciaries accountable for their actions and assuring they perform their duties to the highest ethical standards. I support the Department’s efforts to “safeguard plan participants by imposing

The Honorable Thomas E. Perez

September 9, 2015

Page 2

trust law standards of care and undivided loyalty on plan fiduciaries, and by holding fiduciaries accountable when they breach those obligations.” Furthermore, I support increased transparency efforts beyond the requirements of the Proposed Rule and appreciate the Department’s efforts to address conflicts of interest in the rollover of plan assets, one of the most significant financial decisions participants can make concerning retirement savings.

All Californians should have the means to pursue financial security in retirement. As Chair of the California Secure Choice Retirement Savings Investment Board, I am committed to expanding retirement plan coverage to all Californians and to ensure the California Secure Choice Retirement Savings Program provides secure and convenient retirement savings. The Department’s dedication in this endeavor is evident in its effort to both address harmful conflicts of interest among retirement plan providers and expand coverage to secure retirement savings plans by crafting regulations that clarify how state initiatives like ours can comply with federal law. Together, these regulations can bolster the economic security of millions of Americans by assuring they have access to safe, secure retirement savings plans free from harmful conflicts of interest.

Thank you for the opportunity to provide comments and I commend your efforts to increase transparency, protect the integrity of retirement benefits, and provide opportunities to increase retirement security for all Americans.

Sincerely,

*Original signed by*

JOHN CHIANG  
California State Treasurer