

Congress of the United States
Washington, DC 20515

September 21, 2015

The Honorable Thomas E. Perez
Secretary
United States Department of Labor
200 Constitution Ave. NW
Washington, DC 20210

Dear Secretary Perez,

In 2010, when your predecessor Secretary Solis first proposed changing the definition of the term “Fiduciary”; Conflict of Interest Rule—Retirement Investment Advice, under the Employee Retirement Income Security Act (ERISA) of 1974, it was met with significant disagreement from life insurance providers, financial advisors and a majority in Congress. The primary concern with this proposed rule is that it will result in significant restructuring to the life insurance industry as well as greatly limiting the savings opportunities for low and moderate-income earners.

In response to these objections, and facing new challenges to the President’s re-election, the proposed rule was suspended. Unfortunately, in February of this year President Obama announced that the Department of Labor (DOL) should reissue the proposed rule.

The proposal in its current form would have a number of unintended consequences, including a loss of access to financial advisors for small savers and small businesses. The proposal could disrupt existing business models and create a marketplace in which only those who can afford more expensive in-person advice receive necessary assistance while others are forced to online roboadvisors. This model would create an advice gap, restricting the access to investment information that low and moderate-income earners need in order to make informed savings decisions.

Our constituents must be able to maintain relationships with their financial advisors to avoid a disruption in securing crucial retirement planning education and affordable investment advice. However, DOL’s proposal would place an undue burden on modest savers, who may become “priced out” of the market, and lose the ability to access the advisors and products, like guaranteed lifetime income that they rely on today. This proposal would have the adverse effect of increasing the cost of financial advice, and could prevent small account holders from accessing prudent investment guidance at a time when we should be promoting access to retirement savings options for Main Street America.

In light of these serious concerns with the potential consequences of implementing this rule we strongly encourage you to abandon this effort. In addition, we have been asked by many of our constituents to encourage you to adopt these following changes before issuing the final rule:

1. Explicitly and affirmatively clarify that the sale of proprietary products and receipt of differential compensation (e.g., commissions and health benefits) are consistent with the Impartial Conduct Standards required under the "Best Interest Concept Exemption" and the revised "Prohibited Transaction Exemption" 84-24.
2. Remove "without regard to" language and insert language that ensures consistency with the existing ERISA duty of loyalty under Section 404.
3. Provide clear guidance and examples regarding compliant sales practices regarding the sale of proprietary products and receipt of differential compensation.

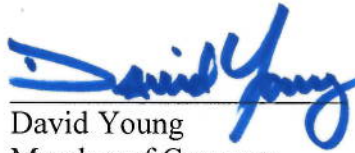
Again, we do not believe that your issuance on this proposed rule is in the best economic interest of our constituents, but the inclusion of these three changes will provide some necessary improvements.

Thank you for your consideration of this matter.

Sincerely,



Lynn Jenkins, CPA
Member of Congress




David Young
Member of Congress



Doug Lamalfa
Member of Congress



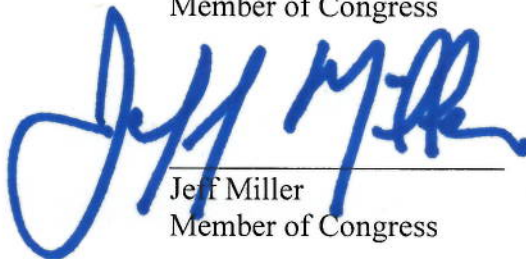
David Rouzer
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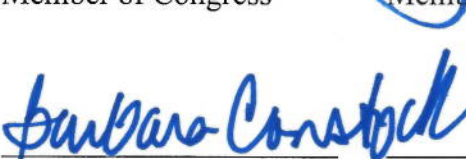
Bradley Byrne
Member of Congress



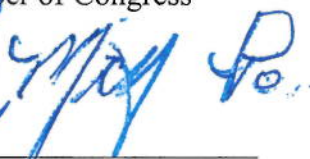
Jeff Duncan
Member of Congress



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Barbara Comstock
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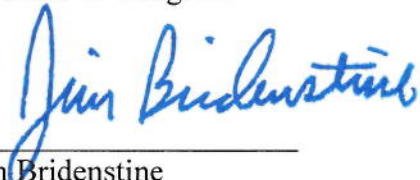
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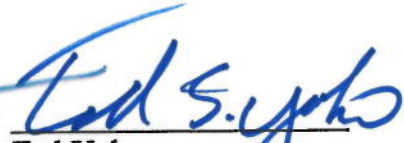
Jim Bridenstine
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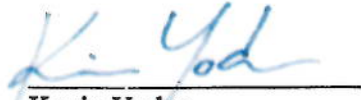
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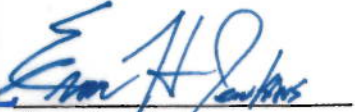
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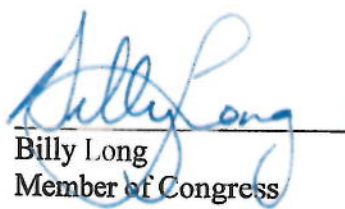
 

Reid Ribble
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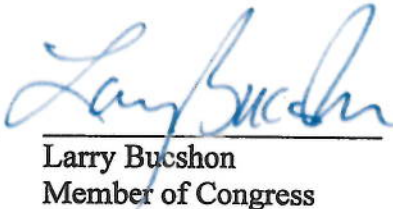
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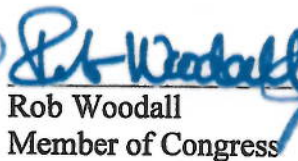
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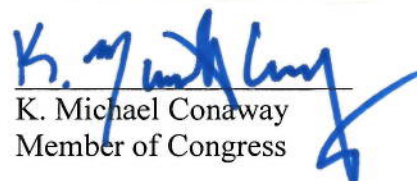
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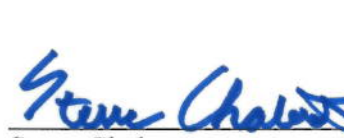

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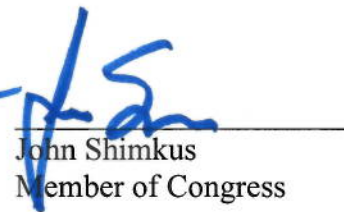

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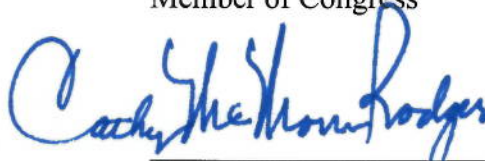

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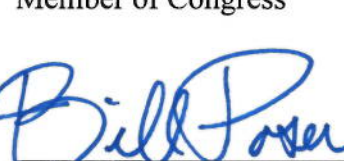

Marsha Blackburn
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Joe Wilson
Member of Congress

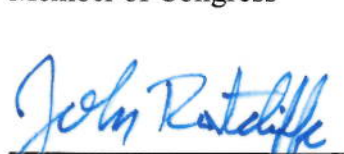

Austin Scott
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Gus Bilirakis
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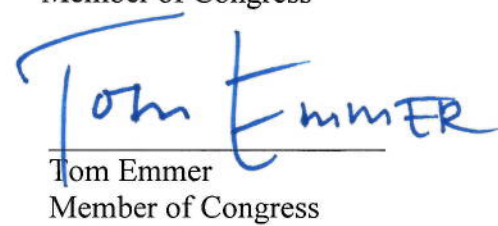

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