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Financial Factors in Selecting Plan Investments

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Financial Factors in Selecting Plan Investments

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Submitter Information

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General Comment

Office of Regulations and Interpretations
U.S. Department of Labor
Washington, DC 20210

Attention: Proposed rule on Financial Factors in Selecting Plan Investments (RIN 1210-AB95)

To whom it may concern:

I am writing to provide comments in response to the Department of Labor's proposed rule, "Financial Factors in Selecting Plan Investments," which relates to ERISA-regulated retirement plans. I believe this rule should be withdrawn, as it goes against the ethos of free and fair market principles to which the American Sustainable Business Council and Social Venture Circle subscribe. A free and fair competitive marketplace is crucial to a strong economy and strong society. Failure to allow fiduciaries to consider all material risk factors, including ESG criteria, would be to the detriment of plan participants.

Additionally, investment managers should be given the right to consider all material dimensions associated with their plans, including ESG criteria.

ESG criteria have been shown in numerous studies to produce investment performance superior or at least in line with non-ESG investments. This is both because ESG criteria are material to the prudent strategic and tactical operation of public and private companies alike, and also because applying material ESG considerations serves as a positive screen for superior funds. Thus the application of ESG criteria, standards, or requirements does not in any way dissuade from plan managers' pecuniary priorities but on the contrary is in many instances vital to the execution of managers' fiduciary duty. Managers should on no account be precluded from utilizing ESG criteria.

I respectfully request the US Department of Labor to withdraw this misguided rule and refrain from interfering further in plan managers' ability to apply all material considerations to serve pension plan members to the best of their ability.

Sincerely,