PUBLIC SUBMISSION

Received: July 20, 2020
Status: Pending_Post
Tracking No. 1k4-9hxd-glna
Comments Due: July 30, 2020
Submission Type: Web

Docket: EBSA-2020-0004
Financial Factors in Selecting Plan Investments

Comment On: EBSA-2020-0004-0002
Financial Factors in Selecting Plan Investments

Document: EBSA-2020-0004-DRAFT-0254
Comment on FR Doc # 2020-13705

Submitter Information

Name: Eli Beck

General Comment

Docket ID: EBSA-2020-0004-0002
Proposed Rule: Financial Factors in Selecting Plan Investments
Posted on 6/30/2020
RIN 1210-AB95

To Whom It May Concern,

I am writing to express my concern about the above proposed rule, Financial Factors in Selecting Plan Investments. I am 24 years old, a resident of Utah, and I have had a 401(k) for less than a year. I was surprised by this proposed rule, since ESG funds are a big reason I am invested in the stock market at all.

The summary of the proposed rule states that "The proposal would protect participant and beneficiary interests by confirming that ERISA provides that fiduciary consideration of an investment or investment course of action, including selection of designated investment alternatives in an individual account plan, may not subordinate the interests of participants and beneficiaries in their retirement income to unrelated or collateral goals, preferences, or other factors or objectives." As a participant and beneficiary of an employer-sponsored retirement plan, the proposed rule is not a protection at all. In fact, it is a threat. In a changing world and with at least 40 years before I retire, I want to be able to invest in industries that will stand the test of time. The measures used to evaluate funds do not account for that kind of long-term analysis. Therefore, the requirement that fiduciaries document ESG funds as "economically indistinguishable" from other funds is unnecessary and will only hamper my ability to invest in my future, as well as the future of this country. It is probably true that there are very few ESG funds that are "economically indistinguishable" from other funds. That is exactly why I want to have them as an option. The only thing I need for my protection is to know the performance of the funds I am choosing from, and that information is already provided regardless of this proposed rule. I do not need the federal government influencing what options are available to me.

The Department asks for "comments regarding its assumptions and additional information describing the prevalence of ESG investing or ESG investment options among ERISA plans." It is also noted that "In terms of the actual utilization of ESG options, one survey indicates that about 0.1 percent of total DC plan assets are invested in ESG funds." Such a low number is unsurprising given the current lack of options for ESG funds. Months ago, I had no option to invest in any ESG fund. I have since asked my employer and our retirement plan sponsor to offer more ESG funds to employees, and they are in the process of making that happen. ESG funds are appealing to the young for a lot of reasons, and the only reason I am not invested in them is because they are not provided as an option. Could that be the reason why that number is so low? This is not a deregulatory action. Please allow me and other young people to have as many options as possible in our employer-sponsored retirement plans, with minimal restrictions

Sincerely,

Eli Beck