PUBLIC SUBMISSION

Received: July 28, 2020
Tracking No. 1k4-9i2e-ne7i
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-0537
Comment on FR Doc # 2020-13705

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 I believe this rule should be withdrawn, as it goes against the ethos of free and fair market principles to which the American Sustainable Business Council and Social Venture Circle subscribe.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.

Companies with a low ESG score cause the most harm to society, decreasing their appeal to most investors and jeopardizing demand for their products. These damages include the Social Cost of Carbon. All taxpayers are burdened with these costs. Low ESG firms have numerous risks that are found to lesser degrees in high-ESG firms, e.g., unsustainability, being a defendant in litigation by public and private entities, escalating costs of more stringent regulation, restrictions on operations imposed by new legislation, etc. Though most low-ESG firms have higher risks, their returns are indistinguishable from or significantly less than than returns of high-ESG firms. An example of the former is the fossil fuel sector, which has had the worst performance of all sectors in the past ten years. Investments that are high risk while having mediocre or inferior returns are unsuitable for retirement plans. The plan I receive a pension from uses ESG as a selection criterion and for financial reasons has divested from all of its fossil fuel holdings.

Additionally, investment managers should be given the right to consider all dimensions associated with their plans, including ESG criteria. ESG criteria has been shown in numerous studies to produce investment performance superior or in line with non-ESG investments. This is because ESG criteria acts as a positive screen for superior funds and does not in any way dissuade from plan managers' pecuniary priorities. Managers should not be shut out from competitive opportunities in the marketplace.

I respectfully ask that the US Department of Labor withdraw this rule and continue to allow plan managers to operate within a free and fair marketplace.

Sincerely,