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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 am a Certified Financial Planner (CFP) with an extensive set of knowledge regarding the history, performance, risk, and investor motivations regarding ESG considerations. I have been practicing for over 15 years.

There are three reasons the US Department of Labor should withdraw the proposed rule:

1. Plan fiduciaries should retain the right to consider all material factors, including ESG, when selecting retirement plan investments. Restricting any specific type of investment strategy stifles the efficiencies & innovations of our free-market, capitalistic system.
2. The Department of Labor is incorrect in its assessment that ESG investments screened for environmental, social, public policy, and corporate governance represent "non-financial objectives". How a corporation incorporates these material factors has a direct impact on its long

term sustainability as well as survival. Further, the Department of Labor mischaracterizes the use of ESG investments for the purpose of "furthering social goals or policy objectives". Social goals and public policy aren't crafted by corporations. This is primarily a function of our government, not the corporations we invest in.

3. The public wants sustainable investments, such as mutual funds that rank high once screened for ESG considerations. According to a 2018 Morgan Stanley survey, 82% of professional asset managers "think strong ESG practices can lead to higher profitability". Source:

https://www.morganstanley.com/assets/pdfs/2415532_Sustainable_Signals_Asset_Manager_2019_L.pdf

I respectfully ask that the US Department of Labor withdraw this rule and continue to allow plan managers to select retirement plan investments based not just on fundamental risk and return factors, but also act as true fiduciaries leveraging ESG screening to identify sustainable corporations that represent the best long term investments for investors.

Sincerely,
Greg Lessard, CFP, CRPC