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Financial Factors in Selecting Plan Investments

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General Comment

"The proposed rule would replace existing guidance on the use of ESG and similar factors in the selection of investments, including that fiduciaries must not base investment decisions on non-pecuniary factors unless alternative investment options are "economically indistinguishable" and such a conclusion is properly documented. The Department anticipates that the resulting benefits will be appreciable."

A strict interpretation of "economically indistinguishable" prevents the comparison of long term material benefits with short term pecuniary factors. Considering any long-term investment based only on shareholder wealth, without a broader context, will leave investment customers vulnerable to everything from accounting fraud to completely predictable environmental degradation.

Material considerations beyond (but obviously including) the pecuniary are essential for any market to have even a chance of functioning. A policy by the DOL that fiduciaries may integrate material factors into their investment actions, and that ESG factors may be material, would be appropriate for true long term investment.