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Financial Factors in Selecting Plan Investments

Comment On: EBSA-2020-0004-0002
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:

In yesterday's news: New InfluenceMap research shows the Fed is now heavily overweight in fossil fuel energy sector bonds ($750m's worth). A large chunk of these are non-investment (junk) grade https://bit.ly/3eF7mDi
"The research finds that the only sector where the Fed is consistently overweight on all three indicators (debt outstanding, equity values and employment) is the GISC Energy sector which contains oil/gas and coal value chain companies exclusively. Against a corporate debt outstanding indictor, it is 2X overweight. Against equity values it is 3.5X overweight and against employment, more than 4X overweight.
The Fed's purchases (as of July 10th, 2020) is thus heavily overweight the Energy sector (containing oil/gas and coal value chain companies exclusively). No other sector exhibits this extent of overweighting. Roughly 8% (or $748Mn) of the Fed's $9.5Bn worth of bond purchase issuers to date are in Energy, with $134Mn of this being direct purchases (total $1.5Bn)..."
https://influencemap.org/.../Is-the-Fed-Being-Sector-Neutral-...

"Here is the ranking of the 41 states' where climate solutions increased GDP econ while reducing carbon emissions - note CA is 3rd from bottom...https://www.wri.org/blog/2020/07/decoupling-emissions-gdp-us

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 I believe this rule should be withdrawn, as it goes against the ethos of free and fair market principles to which the American Sustainable Business Council and Social Venture Circle subscribe.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