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Definition of an Investment Advice Fiduciary

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Retirement Security Rule: Definition of an Investment Advice Fiduciary

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Submitter Information

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General Comment

Ever since President Obama decided to circumvent the SEC and FINRA by using the While Best Interest has always been a key to good financial planning practice and regulations defining Best Interest made with good and valid intentions complying with the definition has been cumbersome and expensive to the point that the compliance regulations are interfering with the ability of advisors to give Americans the personalized financial guidance they need and deserve.

The Retirement Security Rule in addition to existing Best Interest Regulations is overkill. The proposal is excess bureaucracy and goes well beyond the reasonable application of Best Interest with the likely unintended consequence of further harming the very people it is proposed to help. The economics of this unnecessary addition to costs and risks will further push advisors to deal with fewer accounts of larger size because the added costs and risks assumed by the advisor will lead to less advice and expertise being available to smaller investors that need more education and advice to meet their financial goals. Especially as the sheer number of retirees continues to increase and pensions and social security come under more stress.

I'm writing to express my concerns with the Department of Labor's (DOL) Retirement Security rule proposal. I believe this proposal will harm millions of low- and middle-income households by limiting access to personalized financial guidance and advice. My clients are factory workers, teachers, fire men, policemen, farmers, tradesmen and not the financial elite and it is becoming increasingly difficult to advise them as they deserve.

As a financial professional, I’m already required to act in the best interests of my clients under the SEC’s Regulation Best Interest (Reg BI) and, when considering annuities, applicable state laws that impose similar requirements. Together, these regulations ensure that my clients and I can focus on working together to build responsible savings and investments habits.

This proposal has the potential to upend our existing, comprehensive structure by limiting our ability to help our clients safeguard their savings in a manner of their choosing. In particular, the previous iteration of a substantially similar DOL rule resulted in a meaningful reduction in services offered to millions of low- and middle-income households. I am concerned that the resurrection of this rule is expected to exacerbate the racial wealth gap by roughly 20% due to a disproportionate impact on Black and Hispanic communities.

I hope the DOL will consider the harm the previous fiduciary rule had on communities, as well as the changes in securities regulations that came with the adoption of Reg BI and state insurance suitability rules and withdraw the Retirement Security rule proposal.