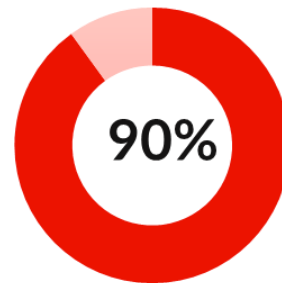




Department of Labor Retirement Security Rule

The Department of Labor (DOL) [finalized](#) a Retirement Security Rule to enhance protections for retirement savers seeking professional investment advice. **The Rule would require financial advisers put their clients' best interests before their own when advising retirement investors – *this is common sense.***

90% of voters surveyed believe financial professionals should be required to give advice in the best interest of retirement account holders.



66% would be less likely to vote for their Member of Congress if they vote to overturn a rule requiring advice be in the best interest of their clients.

Source: <https://www.aarp.org/pri/topics/work-finances-retirement/financial-security-retirement/fiduciary-duty-retirement/>

This Rule is essential because **there is no uniform prohibition on financial professionals and firms placing their interests ahead of their retirement investor clients' interests when providing investment advice.** The existing definition of investment advice is 50 years old and out of line with the current retirement savings landscape, which has shifted considerably since the 1974 passage of ERISA.

Retirement Investors are Being Harmed by the Lack of Protections

Retirement investors are being harmed today. Some advisers exploit regulatory loopholes to recommend high-fee, ill-suited products, costing savers billions, which may impede their ability to retire safely.

- Morningstar [estimates](#) the Rule will **save retirement investors \$250 billion over the next 20 years** through a combination of lower fees paid by workplace plans and applying the best interest standard to more investment types.
- A DOL [analysis](#) estimated **conflicts of interest in mutual funds could cost IRA investors up to \$404 billion** over 20 years.
- A National Bureau of Economic Research [study](#) found that when applied in the annuities market, **the fiduciary standard increased risk-adjusted returns by 25 basis points (0.25%), improving investor outcomes.**

The Rule will **level the playing field among financial professionals** by requiring all financial professionals to prioritize their clients' best interests. **This Rule is crucial to safeguarding the financial security of Americans and ensuring they can retire comfortably.**

Key loopholes the Rule would address:

One-Time Advice/Rollovers: One time advice to retirement investors, such as advice about rollovers, is *potentially the single most important financial transaction some people make*, but may not be subject to the existing best interest standard. This may be considered “one time” rather than “regular” advice, allowing an adviser to provide conflicted advice. This loophole can significantly [impact](#) savers' long-term financial security, eating into retirement savings with unnecessary fees and commissions.

Non-SEC Regulated Products: The SEC's Regulation Best Interest (Reg BI), **does not cover all types of investments, including banking products, commodities, real estate, and certain insurance products.** This gap allows financial professionals to recommend inappropriate, high-fee products that are not in their clients' best interests. Reg BI also *only* applies to recommendations to retail customers. While some opponents of the Rule try to claim that the NAIC model rule, which a number of states have adopted, has addressed concerns for insurance products, [nothing](#) could be further from the truth – this model rule has done little to address conflicts of interest and is *not* a true best interest standard. (If it did, those who supported the NAIC rule wouldn't oppose the DOL Rule!)

Recommendations to Plan Sponsors: Employers who manage their own plans often consult financial professionals about which products or plans to include in those plans. The advice they receive is currently not covered under a best interest standard, and studies have shown that such advice can lead to poor fund performance and inadequate conflict of interest disclosures, affecting returns for their employees.

The bottom line: Addressing these gaps is crucial to protecting workers' hard-earned retirement savings from inappropriate products and excessive fees and commissions, arising from conflicts of interest. Don't be fooled by opponents' criticisms of the Rule – they have been thoroughly [debunked](#). It is clear: **implementing appropriate safeguards is essential to ensuring Americans can retire with dignity.**