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Secretary Thomas E. Perez
U.S. Department of Labor
200 Constitution Avenue
Washington, DC 20210

Dear Secretary Perez,

It was a pleasure to meet you on July 30 at the White House along with members of the U.S. Chamber of Commerce. As the head of the second-largest retirement plan provider in America, I was especially gratified to hear of your interest in making sure that the proposed Department of Labor rule on fiduciary standards and practices will not only be workable – but help us achieve the shared goal of increased retirement security for working Americans.

I will not go into detail on the multiple concerns we addressed in our formal comment letters to the DOL. But I would like to highlight one major concern that stems directly from my recent conversation with you at the White House. That is the risk that the rule as drafted could stymie the expansion of workplace savings plans in America.

As you know, tens of millions of working Americans lack access to any form of payroll deduction savings plan. We view this "access gap" as one of the most serious shortfalls in American retirement policy and we have actively supported legislation that could help close it – notably the auto-IRA legislation the Administration has repeatedly advocated. So we are very concerned that the DOL's proposal could actually worsen this access gap. Here's why.

The "seller's carve-out" in the rule is limited to plans with either fewer than 100 employees or \$100 million in assets. This, in effect, will block providers from making customary sales presentations to the overwhelming majority of small and emerging businesses – the prime growth segment of workplace savings.

The rationale for "protecting" these small business owners is fallacious. All of them, in fact, are – by definition – fiduciaries under ERISA. They are also savvy business people well able to understand a sales pitch when they receive one.

The rule's platform and selection/monitoring "carve-outs" – which might seem to mitigate my concerns – actually limit providers' role severely. They require, for example, than any suggested narrowing of the vast array of potential investments be done on objective criteria provided by the business owner. They also seem to make platforms the only permissible offering for small plans, thereby cutting out advisors and other intermediaries.

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Strangely, then, the proposed rule seems to assume on one hand that businessmen and women are too naïve to recognize a sales pitch; on the other hand, they are sophisticated enough to select the right screens and filters to determine an investment line-up. Both assumptions, I would suggest, are wrong.

Here are a few basic changes that could amend this rule to reflect current real-world best practices - while also helping the small business market for savings plans to grow in the future.

- Extend the seller's carve out to plans of all sizes. Sales presentations per se are not fiduciary acts.
- Explicitly allow retirement service providers, advisors and other intermediaries to assist plan sponsors in narrowing the range of investment choices in their plan.
- Require full, plain-English disclosure of any financial interest a provider might have in any specific investment option in a plan's line-up - but do not prohibit such options.

Mr. Secretary, I believe these changes to the rule are the minimum needed to avoid stalling the growth of workplace savings coverage among new and emerging businesses.

We ask you to consider them in order to advance common goals we share with you: extending workplace savings options to all working Americans and seeing that they receive guidance and advice that is in their best interests.

If members of the DOL's policy teams are interested in discussing these ideas or other issues related to the proposed rule, I would be pleased to have experts from Empower Retirement be in touch with them.

Sincerely,



Robert L. Reynolds
President and Chief Executive Officer
Great-West Lifeco U.S. Inc. and Putnam Investments

RLR:mc

cc: Mark Iwry, U.S. Treasury