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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

After 25 years in the investment advisory business, I have seen a LOT of circumstances and met a LOT of people. I can tell you that there is no ONE correct solution to every family's needs when it comes to their investments and financial plans. As such, having the full scope of potential solutions available has been an integral part of my practice as an independent financial advisor. Limiting access to unique and effective solutions by imposing the proposed rule would not only further complicate an already complex financial landscape, but it would meaningfully hinder my ability to help my most vulnerable clients. Consider the extraordinarily high percentage of people that simply CASH OUT their retirement plans upon separating employment. Without professional guidance and a broad selection of solutions to help my clients, it's estimated that over 40% of employees will make the irrevocable decision to simply cash out their retirement plans and lose the huge advantages provided by the long term investment and compounding growth of those dollars.

There are circumstances where a client is best served by keeping their retirement assets with their plan after separation, and the Best Interest Standard holds me responsible for recognizing those circumstances and advising accordingly. But there are also myriad situations where that course would be a terrible solution. In those cases, I can't do my job if you've tied my hands in an overly broad and anticompetitive set of well-meaning but poorly constructed rules.

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.

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.