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Office of Exemption Determinations
Employee Benefits Security Administration
Attn: Definition of the Term “Fiduciary” – Proposed Eighteen Month Extension of the
Transition Period
U.S. Department of Labor
200 Constitution Avenue, NW, Room N-5655
Washington, DC 20210
Filed electronically at Regulations.gov

**Re: Proposed Eighteen Month Extension of the Transition Period and
Applicability Dates for the Best Interest Contract Exemption (PTE 2016-01),
Class Exemption for Principal Transactions (PTE 2016-02), and Prohibited
Transaction Class Exemption 84-24 (PTE 84-24), RIN 1210-AB82**

Ladies and Gentlemen:

Teachers Insurance and Annuity Association of America (“TIAA”) is pleased to share our perspectives on the Department’s proposal to extend the applicability date for certain provisions (the “Provisions”) of PTE 2016-01, PTE 2016-02, and the 2016 amendments to PTE 84-24 by 18 months, from January 1, 2018 until July 1, 2019 (the “Proposed Extension”).

As a leading provider of retirement services, TIAA is committed to the efficient and responsible stewardship of our clients’ assets. Given the significant likelihood that the Department will extensively modify the conflict-of-interest rule (“Rule”) and its associated Provisions, we are very concerned that continuing to make significant staff and financial investments to satisfy a January 1, 2018 applicability date will ultimately prove both a considerable waste of resources and a source of confusion for retirement investors. Consequently, TIAA urges the Department to finalize the Proposed Extension in its current form.

About TIAA.

TIAA was founded in 1918 on the core belief that those who serve others should retire with financial security – and we have continued to deliver on that promise for nearly 100 years. As a mission-driven organization, TIAA is proud of its longstanding engagement in the policymaking process. Consistent with that commitment, we are grateful for the many opportunities during the multiyear rulemaking to offer comments to the Department.¹

¹ TIAA’s comment on the proposed rule, dated July 20, 2015, is available on the Department’s website at: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public->

TIAA's unique corporate structure allows us to focus our efforts on our clients' long-term financial needs. TIAA has no outside shareholders, other than the TIAA Board of Overseers, which is a not-for-profit entity. Importantly, under TIAA's corporate charter, TIAA functions without profit to the corporation or its shareholders. As a result, our corporate interests are aligned with those of our clients – both at the plan and individual investor level. This structure makes TIAA particularly sensitive to the potential for additional costs, which ultimately fall to our participants through additional fees and/or lower investment returns.

TIAA is committed to a clear and enforceable best-interest standard.

“Put the customer first” has always been a core TIAA value – and we believe this should be the industry standard. We agree that a clear and enforceable best-interest standard should apply to all retirement advice, including distribution advice. Consequently, TIAA has been *directionally* supportive of the Department's rulemaking. But while articulating this directional support, we have consistently highlighted concerns that operational and technical aspects not become impractical, overly complex, or unnecessary to accomplish the Department's goals. Regarding the Rule and Provisions, we have urged the Department to consider refinements that will help retirement-plan participants and IRA Owners achieve more successful retirement outcomes – without causing unnecessary burdens on service providers like TIAA and its affiliates.

A delay is essential to avoid unnecessary resource expenditures.

TIAA has already committed significant resources to come into compliance with aspects of the Rule that became applicable in June. And with less than four months remaining before the Provisions become fully applicable, we continue to make considerable financial and human-capital investments, to ensure our preparedness for their applicability. We continue to make these investments even as President Trump has directed the Department to conduct a thorough reconsideration of the Rule. Why? Changes of such a magnitude – particularly disclosure and recordkeeping requirements – cannot be implemented in a mere matter of months. In fact, we began preparing for the Rule and Provisions immediately upon publication in the Federal Register in April, 2016.

At the same time, we and many of our clients are keenly aware that the Department is reconsidering the Rule and Provisions. Questions that the Department posed in its June 29

[comments/1210-AB32-2/00540.pdf](https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB32-2/00540.pdf) September 24. Our supplemental comment letter, dated September 24, 2015, is available on the Department's website at: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB32-2/03033.pdf>. And on April 17, 2017, we submitted additional comments on “questions raised in the Presidential Memorandum, and generally on questions of law and policy concerning the [Rule] and PTEs.” These comments are available on the Department's website at: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB32-2/00540.pdf>. TIAA offered comments to the Department in connection with the Request for Information issued on June 29, 2017. These are available at: <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB82/00251.pdf> and <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB82/00544.pdf>. Additionally, TIAA offered testimony at the Department's hearing on August 12, 2015; the written testimony is available on the Department's website at: <https://www.dol.gov/agencies/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB32-2/written-testimony-11.pdf>.

Request for Information suggest that the Department's consideration could very well result in a fundamental restructuring of the Rule, including the Best Interest Contract exemption.

Given the likelihood of significant changes, it is potentially wasteful to continue operating on the assumption that the Provisions *could* take effect on January 1, 2018. We are particularly sensitive to expenditures since any costs ultimately will be borne by participants through additional fees or lower investment returns. Still, unless and until the Department amends the Provisions or delays their applicability, prudence dictates that TIAA proceed based on the January 1, 2018 date.

A delay is also essential to avoid unnecessary confusion.

TIAA is the retirement-plan recordkeeper at more than 15,000 institutions, and we work closely with human resources, finance, legal, and other administrators to help them understand and comply with regulatory changes. Additionally, TIAA employs thousands of client-facing personnel, who participate in rigorous, ongoing training programs. These employees interface regularly with plan sponsors, participants, beneficiaries, and IRA Owners.

In our experience, dramatic regulatory changes – such as those directed by the Rule and its associated Provisions – require extensive internal training, and last-minute changes increase the likelihood of errors by our client-facing personnel. We also will need to educate our plan sponsors and IRA Owners on how the Provisions will be implemented and how it might impact them. The imperative of meeting the Provisions' January 1 applicability date means that we are now moving swiftly to roll out additional robust training programs. But to the extent our client-facing personnel are preparing for Provisions that are unlikely to become applicable in their present form, they have less time to provide the education that helps our millions of participants achieve a secure retirement.

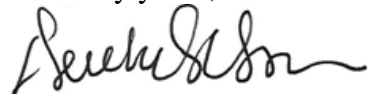
Moreover, we are concerned that if the Department does not delay the January 1 applicability date but does subsequently modify the Provisions, TIAA would need to enter into contracts and issue disclosures on the January 1, 2018 schedule – and subsequently we will be required to pivot to a different regulatory framework. This will cause considerable client confusion.

In a previous submission, we requested that the Department commit to providing no less than a one-year period as to what the final conditions of the Rule and its exemptions will be before such conditions take effect. While an extension tied to completion of the Department's review may offer some additional benefit, we believe it is more urgent that the Proposed Extension be finalized.

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TIAA remains committed to working with the Department to ensure that an enforceable best-interest standard is implemented in a streamlined and efficient manner. We would be pleased to discuss the foregoing comments. Thank you for your consideration.

Sincerely yours,



Derek B. Dorn