



U.S. DEPARTMENT OF LABOR

News Release

U.S. DEPARTMENT OF LABOR PROPOSES TO IMPROVE INVESTMENT ADVICE AND ENHANCE FINANCIAL CHOICES FOR WORKERS AND RETIREES

WASHINGTON, DC – The U.S. Department of Labor today announced that it is proposing a new exemption for investment advice fiduciaries. The Department’s actions today will benefit American workers and retirees by delivering more choices for their financial future with clear standards to be upheld by investment advice providers. The proposed exemption will be published in the Federal Register for notice and comment in the near future.

The proposed exemption offers a new prohibited transaction class exemption for investment advice fiduciaries and is based on an existing temporary policy adopted after the 5th Circuit Court of Appeals vacated the Department’s 2016 fiduciary rule package. The proposal would allow investment advice fiduciaries to give more choices for retirement using Impartial Conduct Standards. Impartial Conduct Standards are a best interest standard; a reasonable compensation standard; and a requirement to make no materially misleading statements. Since the 5th Circuit’s ruling in 2018, the Securities and Exchange Commission (SEC) has issued a package of advice standards. The standards in the Department’s proposed exemption announced today align with standards of other regulators, including the SEC. Together, the actions of the SEC and the Department of Labor will strengthen retirement security for Americans.

The proposed exemption also expresses the Department’s views on when rollover advice could be considered fiduciary advice under the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code.

The Department is also taking the ministerial action of amending the Code of Federal Regulations to implement the 5th Circuit's order. The court's order had the effect of reinstating the Department's 1975 regulation defining who is an investment advice fiduciary under ERISA and the Code, commonly known as the "five-part test." The court's order also had the effect of reinstating the Department's Interpretive Bulletin 96-1 regarding participant investment education.

"Today's proposed exemption would give Americans more choices for investment advice arrangements, while protecting the retirement savings of American workers," U.S. Secretary of Labor Eugene Scalia said. "The exemption would add to the tools individuals need to make the right decisions for their financial future."

"The proposed exemption would be broadly available to investment advice fiduciaries who adhere to a best interest standard and plainly inform retirement investors that they are acting as fiduciaries when making investment recommendations," said Acting Assistant Secretary of Labor for the Employee Benefits Security Administration Jeanne Klinefelter Wilson. "The proposed exemption would authorize a wide range of investment advice models and relationships, consistent with the fundamental goal of ensuring that workers and retirees receive investment advice that is in their best interest."

The Department's Employee Benefits Security Administration (EBSA) developed the proposed exemption. EBSA's mission is to assure the security of the retirement, health and other workplace related benefits of America's workers and their families. EBSA accomplishes this mission by developing effective regulations; assisting and educating workers, plan sponsors, fiduciaries and service providers; and vigorously enforcing the law.

The mission of the Department of Labor is to foster, promote and develop the welfare of the wage earners, job seekers and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights.

Agency: Employee Benefits Security Administration

Date: June 29, 2020

Release Number: 20-1092-NAT

Contact: Megan Sweeney

Phone Number: 202-693-4661

Email: sweeney.megan.p@dol.gov

Share This



More News Releases

Previous

Federal Court Orders Sanctions, Appoints Special Master in Contempt Ruling Against Contractors, Owner for Not Complying With Safety Standards

Next Up

U.S. Department of Labor Announces 2020 National Disability Employment Awareness Month Theme: 'Increasing Access and Opportunity'

Agencies

Forms

Guidance Search

FAQ

About Us

News

Contact Us



U.S. DEPARTMENT OF LABOR

200 Constitution Ave NW