AFL-CIO

LEGISLATIVE ALERT

October 10, 2017

Chairman Jeb Henserling
Ranking Minority Member Maxine Waters
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Henserling and Ranking Member Waters:

I urge you to oppose the misnamed "Protect Advice for Small Savers Act" (H.R. 3857) when it comes before the Financial Services Committee tomorrow. The pro-consumer rhetoric from its sponsor and financial industry lobbyists bears no relation to reality. Do not be fooled: this bill weakens current protections for retirement savers and provides no meaningful new protections for investors in non-retirement accounts.

By repealing the Department of Labor's long-overdue fiduciary rule, the bill would reopen regulatory loopholes to allow sales-based retirement investment advisers to dodge the fiduciary accountability required by ERISA and the tax code. The bill's "best interest" standard is in name only—appearing, by its terms, to be no stronger than a "suitability" standard.

Further, by basing compliance on mere disclosure, the bill does nothing to ensure that firms change their compensation practices that incentivize investment advice that runs counter to their customers' best interests.

In sum, this bill is without legitimate justification. Its enactment would allow the financial services industry to pay lip service to a best interest standard—while sales brokers and insurance agents are rewarded for recommending substandard, but more profitable, investments.

As was intended, the DoL fiduciary rule is delivering the best interest advice that retirement investors need and deserve. We urge you to support the rule and oppose H.R. 3857.

Sincerely,

William Samuel, Director
Government Affairs Department

WS/LR/lkr

cc: House Financial Services Committee Members