

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS



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LEGISLATIVE ALERT

September 28, 2015

Chairman Jeb Henslerling
Ranking Member Maxine Waters
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20151

Dear Chairman Henslerling and Ranking Member Waters:

On behalf of the 12.2 million Americans collectively represented by AFL-CIO affiliate unions, I urge you to oppose the misnamed “Retail Investor Protection Act” (H.R. 1090), introduced by Representative Wagner, when the Financial Services Committee considers it this week.

Far from protecting retail investors, this bill is an attempt to stymie the Department of Labor’s rulemaking to protect retirement investors. A vote to move this bill out of committee is a vote against the interests of anyone who saves for, or who hopes to save for, a financially secure retirement.

The consumer protections that the Department of Labor (DOL) wants to implement through this rulemaking are long overdue. In the last thirty years, we have largely changed our system for providing retirement income. In previous decades, professionals managed retirement assets and employers bore the risks of investment losses. Now individual employees manage their own assets *and* bear the risks. One of the many things wrong with this system is that almost none of us have the expertise to manage our own money or to effectively oversee money managers—and too many in the financial sector who seek to give us advice have a profound financial conflict of interest that affects that advice.

The costs of conflicted investment advice are real and significant. According to the White House Council of Economic Advisors, the American public loses an astounding \$17 billion per year as a result of retirement investment advice that is not in their best interest.

H.R. 1090 would prevent DOL from moving forward with its rule to protect retirement savers until the Securities and Exchange Commission (SEC) has finalized new rules covering the duties of brokers to their customers. And the SEC would not be able to act until it complied with several new reporting and analysis requirements which would provide no meaningful benefit to investors and would further delay regulatory action.

Sincerely,

William Samuel, Director
Government Affairs Department

WS/LR/lkr

cc: Members, House Financial Services Committee