

October 28, 2013

Dear Member of Congress:

On behalf of the National Council of La Raza (NCLR)—the largest national Hispanic civil rights and advocacy organization in the United States—I urge you to oppose H.R. 2374, the “Retail Investor Protection Act.” H.R. 2374 seeks to obstruct the development of a new Department of Labor (DOL) rule designed to protect workers’ retirement security by ensuring that the investment advice they receive is in their best interest and free from conflicts of interest or self-dealing. Latinos have much at stake in this debate as nearly 2.3 million, or one in five, Latino households use either a financial planner or broker to obtain financial advice, according to the Federal Reserve Survey of Consumer Finances.

Due to outdated regulations promulgated in 1975, many financial professionals today are not considered fiduciaries and therefore not required to offer advice that is in the best interest of their clients. As a result, advisers can—without liability—recommend investments whose high fees reduce returns and siphon off savings, benefiting advisers and brokers at the expense of the investors. NCLR supports the efforts of DOL to update the fiduciary rules to better reflect today’s financial landscape. The new DOL rule, which is still under development, would make financial advisers legally accountable as fiduciaries for the advice they provide to employers and individuals alike by requiring them to put their clients’ interests first. This effort to modernize the regulation is long overdue.

H.R. 2374 delays and possibly derails the DOL rulemaking process by stating that the Securities and Exchange Commission must reach certain findings before DOL can issue its fiduciary rule governing retirement financial professionals. The financial industry will still have an opportunity to recommend changes to the rule as part of the normal rulemaking process, so H.R. 2374 is not necessary.

As stated above, almost 2.3 million Latino households use financial planners or brokers when making savings and investment decisions, a number that will continue to grow. Many Latino savers are newer to this process and typically have smaller savings compared to White savers. NCLR has worked for over a decade to advance the interest of Latino workers seeking to save for their retirements. It is important that Latinos have rules to protect those saving for retirement by making sure the investment advice they receive is in their best interest.

NCLR is united with other retirement security and labor organizations in opposing H.R. 2374. We urge you to oppose H.R. 2374 and allow the normal rulemaking process to continue. Thank you for your consideration of this very important issue.

Sincerely,



Eric Rodriguez
Vice President, Office of Research, Advocacy, and Legislation