



February 25, 2015

The Honorable Thomas E. Perez
Secretary
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Secretary Perez:

As organizations that support strengthening protections for retirement savers, we write to thank you for sending a proposed rule to the Office of Management and Budget (OMB) to update and close loopholes in the 40-year-old rules that apply when individuals receive professional advice about retirement investments. Updating protections for retirement savers is urgently needed and long overdue.

The way Americans save for retirement has changed dramatically in the 40 years since the DOL's rules implementing the Employee Retirement Income Security Act (ERISA) were first put in place. In 1975, workers most often saved for retirement through defined benefit plans. Today, the majority of Americans who save do so through Individual Retirement Accounts and defined contribution plans.

American workers now are responsible for making the investment decisions that will determine their financial well-being in retirement. In doing so, they face a menu of complex, difficult-to-understand investment options. Many people understandably seek out investment professionals for advice on how to maximize their savings so that they may one day retire with dignity. Tragically, because of loopholes in the current rules, the professionals they turn to for advice may be influenced by financial conflicts of interest and make recommendations that are not in the retirement investor's best interest. Hardworking Americans lose precious savings when they receive advice to purchase investments with high fees, low returns, and excessive risks. In fact, one recent estimate put the total amount of retirement savings lost as a result of this practice at as much as \$17 billion annually.

Remedying this situation is critically important to the retirement security of millions of Americans. Importantly, it is small account holders and low- and middle-income retirement savers who stand to benefit most from closing loopholes and updating the rules. We commend you and the DOL staff for your commitment to advancing this rulemaking and look forward to

the rule's publication in the Federal Register so that all interested parties will have the opportunity to provide informed, thoughtful, and public commentary on the proposal.

Thank you again.

Sincerely,

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AARP

AFL-CIO

Alliance for a Just Society

Alliance for Retired Americans

American Association of University Women

American Federation of State, County and Municipal Employees (AFSCME)

Americans for Financial Reform

Association of University Centers on Disabilities

Better Markets

Center for Community Change Action

Center For Responsible Lending

Certified Financial Planner Board of Standards, Inc.

Chicago Consumer Coalition

ColorOfChange.org

Consumer Action

Consumer Federation of America

Consumer Federation of the SE

Consumers Union

Demos

Financial Planning Association

Fund Democracy

International Association of Machinists and Aerospace Workers

International Brotherhood of Electrical Workers

International Union of Bricklayers and Allied Craftworkers

Main Street Alliance

Metal Trades Department, AFL-CIO

NAACP

National Active and Retired Federal Employees Association (NARFE)

National Adult Protective Services Assn.

National Association of Personal Financial Advisors

National Association of Social Workers (NASW)

National Committee to Preserve Social Security and Medicare

National Council of La Raza

National Employment Law Project

National Employment Lawyers Association

National LGBTQ Task Force

National Organization for Women

National Partnership for Women & Families

National Senior Citizens Law Center

National Women's Law Center

Pension Rights Center

Pride at Work, AFL-CIO

Public Citizen

Public Investors Arbitration Bar Association

Service Employees International Union

Social Security Works

The Leadership Conference on Civil and Human Rights

U.S. PIRG

United Steelworkers

Wider Opportunities for Women

cc: Members of Congress
Honorable Shaun Donovan, Director, Office of Management and Budget
Jeffrey Zients, Director, National Economic Council
Lily Batchelder, Deputy Director for Domestic Affairs, National Economic Council