



Consumer Federation of America

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PUBLIC INTEREST GROUPS URGE FINANCIAL INDUSTRY LEADERS TO CALL A HALT TO ANTI-INVESTOR TACTICS OF TRADE ASSOCIATIONS SEEKING TO OVERTURN DOL PROTECTIONS FOR RETIREMENT SAVERS

Washington, D.C. – Financial services companies that support giving retirement investors investment advice that is in their best interests should stand up against the aggressive anti-investor lobbying tactics of their trade associations seeking to overturn the Department of Labor’s (DOL) conflict of interest rule, according to three national organizations that have supported DOL efforts to strengthen protections for retirement savers.

While the vast majority of firms appear to be moving forward in good faith to implement the DOL rule in a way that [delivers tangible benefits to retirement savers](#), the lobbyists of their own trade associations continue to spend massive amounts of money on an aggressive campaign to overturn the rule in the courts, in Congress, and through the regulatory process. Consumer Federation of America (CFA), Americans for Financial Reform (AFR), and the AFL-CIO noted in a February 8 [letter to board members](#) of three industry lobbying groups leading the fight to overturn the rule.

The letter was sent to board members for the Securities Industry and Financial Markets Association (SIFMA), the American Council of Life Insurers (ACLI), and the Financial Services Institute (FSI). All three organizations are parties to the Texas lawsuit seeking to overturn the new retirement investor protections, and all three have supported both legislation and regulatory action to delay implementation.

The letter was sent on the same day that a federal judge in Texas issued a sweeping decision denying industry’s legal challenge. Despite three decisive losses in court and mounting evidence that the rule is working as intended, the trade associations nonetheless pledged to continue to “pursue all of our available options to see that this rule is rescinded.”

In their letter, CFA, AFR, and AFL-CIO warn: “If successful, this anti-investor campaign would deny retirement savers the reduced costs and improved advice quality they both desperately need and reasonably expect. In short, it would preserve a system that allows firms to

put their own profits ahead of their customers' best interests, with costly and detrimental consequences for the income security of America's retirees."

The DOL rule, with a compliance date of early April, closes loopholes that have enabled brokers and insurance agents to offer retirement investment advice without being held to the "best interest" standard required of a fiduciary. It requires firms to eliminate compensation practices that encourage and reward investment advice that is not in customers' best interests. And, as firms have announced their implementation plans, the three organizations point to the mounting evidence that "the rule is not only workable, but working as intended—it is reducing the toxic financial conflicts that encourage and reward advice that is not in customers' best interests while preserving access to commission-based advice."

Recognizing that individual board members may, in fact, be supportive of the rule, the letter's signatories call on board members to publicly disassociate themselves from the campaign against the rule by calling for withdrawal of the lawsuits and publicly supporting its scheduled implementation. The organizations said they will both publicly acknowledge those firms that take this step and identify those that fail to do so.

In their words, "We believe the public needs to know where individual firms stand. Those opposing the rule are hiding behind their trade associations who are filing lawsuits, pushing legislation, and subverting the regulatory process to delay and kill the rule. And firms that support a fiduciary standard for retirement investment advice should not be passive bystanders to their trade associations' anti-investor activity."

Copies of the letter are available [here](#).

The Consumer Federation of America is an association of more than 250 non-profit consumer groups that, since 1968, has sought to advance the consumer interest through research, education, and advocacy.

Americans for Financial Reform (AFR) is a nonpartisan and nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, AFR works to lay the foundation for a strong, stable, and ethical financial system – one that serves the economy and the nation as a whole. To learn more, visit www.ourfinancialsecurity.org.

The AFL-CIO is the country's largest labor federation, with 56 affiliate unions representing some 12 million working men and women. To learn more, visit www.aflcio.org.