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Advocacy Groups Deliver Petitions in Which More than 230,000 People Support a Strong Fiduciary-duty Rule for Retirement Investment Advisers

With the rulemaking process moving into its final stages, the Department of Labor received a delivery today of petitions in which more than 230,000 signers call for action to protect Americans against self-serving retirement advice. The signatures were gathered by CREDO Action, MoveOn.org, Americans for Financial Reform, and Public Citizen. Ethel Sprouse, the former Mayor of Cedar Bluff, Alabama, accompanied the petition deliverers and told her story at the event.

Under current rules, most brokers and retirement investment advisers are allowed to put their own interests first. That leaves them free to recommend investments that generate lucrative commissions for the advisers, even if workers struggling to save for retirement get stuck with high fees, subpar performance, and unacceptable levels of risk.

In April, DOL came out with a proposed rule that seeks to close this 40-year-old loophole – one that costs retirement savers some $17 billion a year, according to a recent report from the President's Council of Economic Advisors. That's more than 10 percent of the potential returns for millions of retirees. The petitions urge the Labor Department, the Obama administration and members of Congress to stand firm against an intensified Wall Street campaign to block, delay, or water down an important effort to protect our retirement security.

Mrs. Sprouse, who has a husband with Alzheimer's and a disabled daughter who needs full-time care, lost approximately $400,000 of her family's retirement savings due to bad and conflicted investment advice; for example, she was persuaded by her trusted Allstate Financial broker to liquidate a safe and appropriately invested retirement account at Fidelity in order to invest in a much riskier bundle of investments with AllState. Her experience makes for a powerful illustration of the damage that can be done when financial advisers are presumed to be looking out for their clients' best interests but are not in fact legally bound to do so. (Mrs. Sprouse has a lawsuit pending against Allstate, which has denied owing a fiduciary duty to her. She was accompanied by her lawyer, Jason Doss, who is a securities attorney and a former president of the Public Investors Bar Association.)

Investor advocates Barbara Roper and Kathleen McBride were also on hand. Roper is Director of Investor Protection for the Consumer Federation of America and a member of the Securities and Exchange Commission's investor advisory committee. McBride is one of the founders of The Institute for the Fiduciary Standard and chair of the Committee for the Fiduciary Standard, which she also co-founded.

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If you're covering the issue of conflicted retirement advice and the DOL's proposed fiduciary rule, and if you're interested in interviewing any of the people mentioned here, please contact Jim Lardner at Americans for Financial Reform – 202-466-1854 / jim@ourfinancialsecurity.org.

For more information on the issue, see:

- Common Fiduciary Questions and Answers (Consumer Federation of America)
- Report from the President's Council of Economic Advisors
- SaveOurRetirement Coalition and its Fiduciary-duty Fact Sheet
- PIABA report on conflicted retirement advice (March 2015)
- Audio recording of PIABA press conference with Ethel Sprouse and others

The DOL is receiving comments on this rulemaking until July 21. The Save Our Retirement Coalition has set up a page where people can add their voices.