International
Union of Bricklayers
and Allied Craftworkers

James Boland
President

March 16, 2017

Via Federal eRulemaking Portal: www.regulations.gov

Office of Regulations and Interpretations
Office of Exemption Determinations
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

Re: Definition of the Term "Fiduciary" - Delay of Applicability Date, RIN 1210-AB79

To Whom It May Concern:

Please accept this letter on behalf of the International Union of Bricklayers and Allied Craftworkers ("BAC"), its 120 U.S. affiliates and its members in response to the proposed delay of the applicability date of the above-referenced rule relating to protections for retirement savers. We are writing to express our strong support for this rule and our strong opposition to the proposal to delay the rule's applicability date.

BAC is the oldest continuous union in the United States and represents nearly 80,000 members working in the masonry industry. These members spend their working lifetimes conserving a portion of their hard-earned wages to fund secure and dignified retirements for themselves and their families. While most BAC members are enrolled in defined benefit pension plans, many are also turning to 401(k) plans for their retirement needs.

Given BAC members' interest in a strong retirement system, BAC welcomed the Department of Labor's (DOL) rule that required financial advisers and their firms to provide investment advice in their clients' best interests. Current law permits these advisors to recommend investments that come with high fees and substantial risks because they are legally allowed to make recommendations that serve the advisors' own self-interest at their clients' expense. This rule remedies that problem by requiring advisors to put their clients' interests above their own. It is thus a welcome step towards achieving a more secure retirement for all Americans by allowing retirement savers to keep more of what they earn and save. Any delay, conversely, would have immediate harmful effects for retirement savers, including BAC members.

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Any delay will be very costly for retirement savers. According to the DOL's partial analysis, a 60-day delay could lead to a reduction in estimated investment gains of $147 million in the first year and $890 million over 10 years using a three percent discount rate.[1] Further, impacted firms themselves have already taken steps to ensure timely compliance with the rule. Firms including Charles Schwab, Blackrock, Fidelity, and Prudential, among others, have announced plans to reduce costs on certain investment products at least in part to be more competitive under the rule.[2] And, in response to a letter sent by United States Senator Elizabeth Warren (D-MA), several financial firms, including Schwab, BBVA Compass, Capitol One, John Hancock, U.S. Bancorp, Wells Fargo, and others, stated that they have devoted time and resources to meeting the April 10, 2017 implementation date and they expressed confidence that they would be ready to comply by then.[3] Delay could lead to reversal of the positive momentum in the industry.

In addition to being costly, delay is completely unnecessary because the rule is the culmination of a thorough multi-year effort weighing the impact on all stakeholders. The relevant considerations already have been thoroughly vetted in the DOL's comprehensive and lengthy process.

In sum, in the final rule, DOL found that "adviser conflicts are inflicting large, avoidable losses on retirement investors, that appropriate, strong reforms are necessary, and that compliance with this final rule and exemptions can be expected to deliver large net gains to retirement investors."[4] Delaying the implementation of this rule would maintain the harmful status quo in which financial advisors can offer advice without being bound by a legal obligation to work in the best interests of their clients. Our members, and all retirement savers, deserve better.

For the forgoing reasons BAC opposes the delay and re-evaluation of this rule and urges that it be implemented as originally scheduled.

Sincerely,

James Boland
President

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[1] United States Department of Labor, Employee Benefits Security Administration; Definition of the Term ''Fiduciary''; Conflict of Interest Rule—Retirement Investment Advice; 82 Fed. Reg. 12320, (Mar. 2, 2017) (codified at 29 CFR 2510).

[2] Consumer Federation of America, "The Department of Labor Conflict of Interest Rule is Already Delivering Benefits to Workers and Retirees: Delay Puts Those Benefits At Risk," Jan. 31, 2017, http://consumerfed.org/wp-content/uploads/2017/01/1-31-17-DOL-Rule-Delivering-Benefits_Fact-Sheet.pdf.

[3] Letter from United States Senator Elizabeth Warren to Acting Department of Labor Secretary Edward Hugler, Feb. 7, 2017, http://www.warren.senate.gov/files/documents/2017-2-7_Warren_Ltr_to_DOL.pdf.

[4] United States Department of Labor, Employee Benefits Security Administration; Definition of the Term ''Fiduciary''; Conflict of Interest Rule—Retirement Investment Advice; 81 Fed. Reg. 20952, (Apr. 8, 2016) (codified at 29 CFR 2509, 2510, 2550).