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General Comment

The retirement savings market radically changed with the creation of Individual Retirement Accounts (IRA's) and consumer focused 401(K)s. The current definition of a fiduciary role in retirement investment management, coming from the Employee Retirement Income Security Act of 1974, is outdated as a result. Expanding the definition of a fiduciary relationship, as the regulation proposes, is crucial to protecting 401(K) and IRA investors, who face an estimated $36 billion in losses over the next 10 years due to conflicted fund management. Analysis done by the Department of Labor shows that administers of retirement savings accounts who avoid obligation as a fiduciary are definitively failing to act in the best interest of the consumer.

At its root, this is an issue of financial literacy and consumer protection. A majority of financial consumers of retirement savings accounts do not possess the financial literacy to hold their investment managers accountable. Arguments in opposition to the regulation are misguiding, claiming that the expanded fiduciary title will limit the service of retirement plans and distort the market. Department of Labor analysis suggests that these complaints are baseless and reflect fears of increased competition.

Expanding the fiduciary definition in the long-run will push the market for retirement savings towards a more optimal provision of services and products.