



California Public Employees' Retirement System
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July 16, 2015

Phyllis C. Borzi
Assistant Secretary
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitutional Avenue, NW
Washington, DC 20210

Dear Ms. Borzi:

Re: Definition of the Term "Fiduciary"; Conflict of Interest Rule—Retirement Investment Advice

The California Public Employees' Retirement System (CalPERS) supports efforts by the Department of Labor (Department) to update the employee benefit plan definition of "fiduciary" under Employee Retirement Income Security Act of 1974 (ERISA). Although the proposed rule does not impact CalPERS, it does impact our members who have retirement savings outside of our system. The concept behind the Proposed Rule and exemptions appear to increase transparency, better protect the integrity of the retirement benefits, and compel financial professionals who provide retirement investment advice and products to act in their clients' best interest.

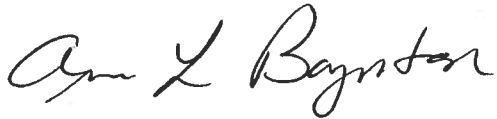
For more than eight decades, CalPERS has built retirement security for state, school, and public agency members who pursue careers in public service. Our pension fund serves more than 1.7 million members.

CalPERS believes that fiduciaries should be accountable for their actions, and must transparently perform their duties to the highest ethical standards. The Proposed Rule appears to align with CalPERS beliefs on fiduciary responsibility and we support the Department's efforts to "safeguard plan participants by imposing trust law standards of care and undivided loyalty on plan fiduciaries, and by holding fiduciaries accountable when they breach those obligations." Furthermore, CalPERS supports increased transparency efforts beyond the requirements of the Proposed Rule.

CalPERS also believes that Americans should have effective means to pursue retirement security. In the last 40 years, the way Americans save and invest for retirement has changed significantly. Individual retirement accounts (IRAs) and defined contribution plans such as a 401(k) have largely replaced defined benefit pension plans in the private sector. Currently, more than 40 million American families have more than \$7 trillion in IRAs. These families must make critical investment and retirement decisions in a complex financial market place, which has created the need for financial professionals to assist with these important decisions. Under current rules, financial professionals may offer investment advice without disclosing conflicts of interest. This could cost IRA investors as much as \$1 trillion over the next 20 years. The Proposed Rule appears to be congruent with CalPERS belief that all Americans should have effective means to pursue retirement security.

Thank you for the opportunity to provide comments and we commend your efforts to increase transparency, protect the integrity of retirement benefits, and provide opportunities to increase retirement security for all Americans.

Respectfully,

A handwritten signature in black ink, appearing to read "Ann L. Boynton". The signature is fluid and cursive, with the first name "Ann" and last name "Boynton" clearly distinguishable.

ANN BOYNTON
Deputy Executive Officer
Benefit Programs Policy and Planning