Betterment

April 17, 2017

Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue NW, Washington, D.C. 20210

Re: RIN 1210-AB79, Fiduciary Rule Examination

Ladies and Gentlemen,

I am writing on behalf of Betterment LLC, an SEC-registered investment advisor, concerning the Department of Labor's reexamination of the fiduciary rule. We have previously submitted comments supporting the rule and opposing a delay in its effective date.

Rather than broadly restate our support for the fiduciary rule, which is stronger than ever, I would like to instead address the specific focus of the Department's reexamination: "whether [the rule] may adversely affect the ability of Americans to gain access to retirement information and financial advice."[1]

This is not a new question. Since the Department of Labor first proposed the fiduciary rule, the vast majority of large financial institutions have waved the banners of choice and access in order to defend conflicted and highly profitable business models. But their arguments are completely meritless and the Department appropriately discounted them in finalizing the fiduciary rule. The rule does not limit choice, but simply requires advisors to make recommendations that they can demonstrate are in investors' best interests. That is what investors expect and what they deserve. The public response is very clear: Letters against the delay outnumbered letters supporting the delay 10 to 1.

The choices available to investors improve and expand every day. The fiduciary rule will only accelerate the positive changes. For example, the price of diversified index funds

---

[1] Definition of the Term "Fiduciary" - Delay of Applicability Date, 82 Fed. Reg. 12319, 12323 (Mar. 2, 2017) (to be codified at 29 C.F.R. pt. 2510).

continues to fall. There are exciting developments in advisor compensation structures that mitigate conflicts. Today, more investors can access high-quality fiduciary advice, regardless of their balance.

We are proud to be a part of those trends. Betterment is a fiduciary advisor to more than 250,000 customers. Since the fiduciary rule was finalized last April, we added approximately 100,000 customers and more than doubled our assets under management. Our digital advisory service is available for a flat fee of just 0.25% of a customer's balance, and we require no minimum balance. We are entirely independent of the providers of the low-cost ETFs that we recommend to our customers, and thus, we qualify as a "level fee" fiduciary under the Best Interest Contract Exemption.

As Betterment's business model itself makes clear, investors will not be deprived of advice if the fiduciary rule becomes effective. To the contrary, investors will be far more likely to receive advice that is in their own interests—worthy of actually being called "advice"—rather than conflicted pitches for high fee products. We respectfully ask that the Department of Labor again reject the self-serving and baseless arguments advanced by the financial industry and move expeditiously to implement the fiduciary rule.

Sincerely,

Jon Stein
Founder & CEO