AFSCME
We Make America Happen

July 21, 2017



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

Re: Request for Information Regarding the Fiduciary Rule and Prohibited Transaction Exemptions -RIN 1210-AB82

Dear Sir or Madam:

The American Federation of State, County and Municipal Employees ("AFSCME") is the largest union in the AFL-CIO, representing 1.6 million state and local government, health care and child care workers. AFSCME members participate in over 150 public pension systems whose assets total over $1.7 trillion. In addition, the AFSCME Employees Pension Plan is a long-term shareholder governed by the Employee Retirement Income Security Act that manages $1 billion in assets for its participants, who are staff members of AFSCME and its affiliates.

We are writing to express our strong opposition to any potential delay of the January 1, 2018 applicability date of certain provisions of the Department of Labor's ("DOL's") fiduciary rule. If the applicability date of the provisions in the Best Interest Contract Exemption, Principal Transactions Exemption (PTE) and amendments to PTE 84–24 is delayed indefinitely, firms will not be incented to comply and investors will be harmed.

The fiduciary rule requires that those who advise on retirement investments must put their clients' interests ahead of their own. The rule addresses a multi-billion problem in the retirement advice market, as conflicted advice costs retirement savers $17 billion each year. Retirement savers face a myriad of choices and decisions in an area where the evidence shows they do not have sufficient financial and investment expertise to make informed decisions to protect themselves from the harmful impact of conflicted advice. Conflicted advice leads to lower investment returns, and numerous studies have shown workers and retirees are losing thousands of dollars in much needed retirement income because of this conflicted advice.

Under the Rule's current schedule, beginning January 1, 2018, advisers with financial conflicts of interest must enter into an enforceable written contract with their clients. But the DOL, is now contemplating delaying implementation of this retirement saver protection later into 2018 or beyond. Delaying implementation of these new protections would allow financial advisers and their firms to continue to engage in harmful conflicts of interest that threaten the retirement security of their hardworking clients.

American Federation of State, County and Municipal Employees, AFL-CIO
TEL (202) 429-1000 FAX (202) 429-1293 TDD (202) 659-0446 WEB afscme.org 1625 L Street, NW, Washington, DC 20036-5687

This is a rule that has already been thoroughly vetted. Any further delay in implementation of the final rule will be harmful to retirement investors. The uncertainty from a potential further delay is bad not only for retirement savers but also the firms and financial advisers who have already made fundamental business changes in anticipation of the rule. Firms have spent more than a year and millions of dollars preparing for the rule, and many firms have made significant changes to their business models in order to comply. Delaying implementation of the rule will undermine the progress that has already been achieved. We urge the DOL to protect working people and retirees by fully implementing and enforcing the fiduciary rule according to schedule and without further delay.

We appreciate the opportunity to share our views on this proposed delay. If you have any questions, or need additional information, please do not hesitate to contact John Keenan at (202) 429-1232.

Sincerely,

Steven Kreisberg
Director
Department of Research and
Collective Bargaining

SK/JK:jm