Dear Mr. DeWitt,

I write to you today to express my support for the Labor Department proposed rule on proxy voting, a companion to the proposed rule concerning Environmental Social Governance (ESG) investing in June.

After this new rule is implemented, fiduciaries will be required to base their proxy decisions entirely on economic consideration, not on “unrelated objectives”. It will also require asset managers that favor proxy proposals to prove that those proposals have an economic impact on their fund and its participants’ investments. This will ensure that fiduciaries main concern remains protecting ERISA pension beneficiaries’ retirement savings.

I am particularly interested in this rule because I want to ensure there is full transparency in investing. I, along with many others, hire a fiduciary expecting that they will invest my money in order to generate the maximum returns on my investment. Considerations that do not produce maximum returns should be out of bounds for consideration by a true fiduciary.

I personally support ESG but I do not wish to invest in forms that have not proven to perform well. I, along with many Americans, rely financially on my investments and I want to ensure that my investments will have a high rate of return. That is why I believe fiduciaries should not vote if they cannot definitively prove that the expenses and resources associated with a proxy vote will result in an economic benefit for their clients’ investments.

While proxy advisors are not required to act with fiduciary duty, it doesn’t make sense that ERISA fiduciaries can take their recommendations due to the possible compromise of the asset managers’ fiduciary duty. In the end, asset managers have a responsibility to their clients and if proxy advisors violate that responsibility, ties must be severed or in the least curbed, which the proposed rule does.

While I support the rule, I also believe that the DOL can strengthen it as well. Proxy advisors ability to automatically vote their recommendation without client review does not seem right. Fiduciaries owe it to their clients to ensure proxy votes meet the financial goals of the fund and the fund’s participants. For proxy advisory firms to have the ability to vote a fund’s proxy without a formal review and assurance that the recommendations are correct, the proxy advisory firm is undoubtedly sacrificing the credibility of the fiduciraries responsibility to their clients.
The SEC previously provided guidance that help to curb this practice and the DOL should at a minimum do the same.

Thank you for your consideration.

Sincerely,

Elizabeth Strickland