RE: Proposed rule on Financial Factors in Selecting Plan Investments (RIN 1210-AB95)

To whom it may concern:

I write to provide comments in response to the Department of Labors proposed rule, Financial Factors in Selecting Plan Investments (RIN 1210-AB95) (the Proposal).

I serve CEO of BSW Wealth Partners, an investment advisory firm with $1.25 billion of assets under management, which includes advising corporate clients on their 401(k) plans. I am strongly opposed to this new rule and its chilling effects.

The Department of Labor fails to articulate a rational connection between the relevant facts and the proposed rule. The Proposal reveals a fundamental misunderstanding of how professional investment managers use environmental, social and governance (ESG) criteria as an additional level of due diligence and analysis in the portfolio construction process. Investment managers increasingly analyze ESG factors precisely because they view these factors as material to financial performance.
ESG factors are material to investors' in both managing risk and achieving their long-term financial objectives. The Proposal is likely to have the perverse effect of dissuading fiduciaries, even against their better judgment, from offering options for their plans that consider ESG factors as part of the evaluation of material financial criteria. As a result, it will unfairly, and harmfully, limit plan diversification and perhaps compel plan participants to choose options that are either more risky or less profitable.

I respectfully request that the Proposal be withdrawn.

Thank you for your consideration of these comments.

David Wolf
Chief Executive Officer
BSW Wealth Partners