

PUBLIC SUBMISSION

Received: July 29, 2020
Tracking No. 1k4-9i36-go4q
Comments Due: July 30, 2020
Submission Type: API

Docket: EBSA-2020-0004
Financial Factors in Selecting Plan Investments

Comment On: EBSA-2020-0004-0002
Financial Factors in Selecting Plan Investments

Document: EBSA-2020-0004-DRAFT-0950
Comment on FR Doc # 2020-13705

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General Comment

The proposed rulemaking being rushed through during the covid-19 pandemic is contrary to what most investors want and what most financial managers currently practice. Shortening the review period from the normal 90 days to only 30 days is an entirely unacceptable process.

The present rule is being considered by most asset managers as ESG investments generally both improve returns and minimize risk over time. The new ruling eliminates a practice that is working well, and the elimination of it is therefore likely highly controversial.

The Democratic Senator opposition letter argued that fiduciaries should be able to consider whether or not companies have established diverse leadership teams, whether they foster inclusive or discriminatory workplaces, and whether they engage in a variety of other practices that may impact a companys performance. So what is the advantage/purpose of this new rule?

Particularly Millennials demand that their 401K contributions be invested in ESGs both to protect their investments and to align them with their values. This ruling would prevent managers from following the wishes of Millenials whose money is being invested.

Thank you for considering these points.