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Submitter Information

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General Comment

I oppose the proposal to limit investments based on consideration of environmental, social and governance (ESG) focused investments in 401(k) plans. Furthermore, a longer comment period is needed, to fully explore the ramifications, including unintended consequences, of such a restriction.

The proposal is problematic because of

- Inconsistency with other Department of Labor rules because it singles out one type of investment focus when it doesn't do the same for others.
- Its negative impact on investors. Limiting ESG investments could increase risks and costs of plans, threaten performance and discourage plan participation by those who want to match investments to their values
- Burden for plan sponsors, which could discourage their use of ESG-focused investments, causing "even worse outcomes for plan participants," according to Morningstar.
- An outdated understanding of the role that ESG factors play in the current investment environment.