State Representative
MATTHEW SOPER
Colorado State Capitol
200 East Colfax Avenue, Room 307
Denver, Colorado 80203
Office: 303-866-2583
E-mail: matthew.soper.house@state.co.us

Member:
Health & Insurance Committee
Judiciary Committee
Committee on Legal Services

COLORADO
HOUSE OF REPRESENTATIVES
State Capitol
Denver
80203

Monday, July 27, 2020

Mr. Jason A. DeWitt
Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Ave., N.W.
Washington, DC 20210

RE: RIN 1210-AB95

Dear Mr. DeWitt:

The Labor Department's proposed rule on ESG investing and private sector retirement funds is critical to ensure that we are putting hardworking people at the core of decisions being made in regard to their pensions, not the political and social agendas of fund managers. I fully support the rule and I am writing to urge you to do the same.

The Employee Retirement Income Security Act (ERISA) was enacted in 1974 to provide protection for the pensions of employees across the country. Now, the Labor Department has announced a proposed rule on ESG investing by the private pension plans governed by ERISA. The rule takes an important and unwavering stand: "It is unlawful for a fiduciary to sacrifice return or accept additional risk to promote a public policy, political, or any other nonpecuniary goal." ESG investing goes against the heart of the ERISA for a number of reasons.

Firstly, ESG investing that occurs within pensions is hazardous and puts the futures of hard working people at risk. Studies, as well as just good business sense, has shown that ESG funds underperform on standard index funds and this greatly hurts returns and decreases the value of individual pensions. As a fourth generation Coloradoan and now a state representative, I have seen how hard people in my community have worked in order to retire safely. By allowing ESG investing to be part of our pensions, we put our community at an unnecessary risk. In the legislative district that I represent in Colorado, there are many workers who are members of labor unions who would appreciate the reforms in this rule.

Secondly, I also know that this ESG investing in pensions is a superfluous and unnecessary move. Having earned my law degree from the University of Edinburgh and being a long time Anglophile, I see that that European pension funds are not used to advance political agendas. The EU and the UK make it clear that while ESG investing is important and worthwhile, there are so many alternative forums in which it can be done. ESG investing in pensions is for show and the American people are the ones who lose out. A pension should only serve to maximize returns for one's retirement savings. Period.

Finally, as the holder of a PERA pension in Colorado, I have seen the misguided pressures placed on Colorado PERA by political activists. While many argue the benefits of ESG investing, the reality is it costs the average person more in the short and long run. At the start, fund managers can charge higher fees for ESG funds than standard index funds. Then, the risk of a lower payout is higher, adding more insult to injury.

The best thing pension companies can do for their clients and pension holders is to think about their security, future and families. Investing in ESG does not put people's livelihoods at the center of action. This is why I support the Labor Department proposed a rule and I encourage you to do so as well.

Sincerely,

Representative Matt Soper
Colorado's 54th House District