



John Delaney
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Delaney Joins President, Senator Warren & Senator Booker at White House Event Calling for New Consumer Protections for Middle Class Investors

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Delaney speaks at AARP headquarters during Administration announcement on new standards to protect middle class retirement accounts

WASHINGTON – Congressman John K. Delaney (MD-6) spoke today at a White House event calling for new investor protections for retirement accounts. Rep. Delaney, the only former CEO of a

publicly traded company in the House of Representatives, was joined by President Obama, Senator Elizabeth Warren (MA) and Senator Cory Booker (NJ). In his remarks at the American Association of Retired Persons (AARP), Delaney stressed how recent economic and policy trends have made saving for retirement more difficult. Delaney underscored the need to protect hard-working Americans from receiving investment advice that is not in their interest.

The Administration's new investment standard is designed to protect clients from receiving advice that steers their savings into funds with higher fees and lower returns due to brokers receiving backdoor payments. Monday, the White House Council of Economic Advisers released a report showing that conflicts of interest can cost middle-class families a large percentage of their retirement savings. According to White House data, this conflicted investment advice costs middle-class investors 1 percentage point annually on their returns, leading to an estimated loss of \$17 billion dollars each year.

"Retiring with dignity and economic security is becoming more difficult than ever, which means it is absolutely essential that we protect middle-class investors from receiving deliberately harmful advice," said Congressman Delaney. "In recent decades, changing economic and policy trends have made retirement more expensive and placed unprecedented pressure on middle-class families. By holding retirement advisers to a more consumer-friendly and investor-friendly standard, we can help avoid a devastating retirement savings crisis for working families. When my constituents receive financial advice, that advice should be based on what is in their interest. This is good for the investor and good for the company. This isn't just a theoretical matter either, because for millions of Americans, every unnecessary fee, every percentage point matters, especially when compounded over decades. The amount of lost potential savings, often 10-20% of total savings, is staggering. As someone who spent decades in the private sector starting and running successful businesses, I understand deeply the power of incentives. We need to make sure that financial advisers have the right incentives – as many already do – to put their clients first."

The president directed the Department of Labor to move forward with a proposed rulemaking to protect investors from receiving bad retirement advice by requiring retirement advisers to abide by a "fiduciary" standard – meaning they must put their clients' best interest before their own profits. The Department of Labor will issue a notice of proposed rulemaking in months, beginning a period of extensive public comment.

Investor protections for retirement investment advice have not been significantly updated since 1975. The Employee Retirement Income Security Act (ERISA) gives the Department of Labor authority in this area.

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