

# Sen. Booker Joins President Obama to Announce New Rules to Protect Americans' Retirement Security

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**WASHINGTON – U.S. Sen. Cory Booker, D-N.J.**, joined President Obama, Labor Secretary Tom Perez, and Sen. Elizabeth Warren, D-Mass., at an event at AARP's headquarters today to announce new federal rules aimed at better protecting American families' retirement savings.

Most critically, the proposed rules would protect families from paying hidden fees on their retirement savings and hold all advisers who provide workers with retirement investment advice to a fiduciary standard of care, ensuring that all advisers put their clients' best interests first.

“While there are many advisers who provide fair and unbiased advice to their clients, billions of dollars of Americans' retirement savings are still being unjustly squandered because IRAs and 401(k)s lack the same protections as other retirement plans,” **Sen. Booker said**. “It's common sense that those who are entrusted to provide Americans with investment advice should have a duty to put their clients first. Yet current rules don't require such protections and do permit hidden fees that cost retirees money. That needs to change. Today's announcement is an important step forward to ensure we enact policies that put Americans' retirement security first.”

The rules protecting retirement savings – written before the days of 401(k) and other retirement plans – are outdated, resulting in bad incentives and bad advice that have cost American families saving for retirement billions of dollars every year, with some families losing out on tens of thousands of dollars in retirement savings.

Today, the President directed the Department of Labor to move forward with proposed rulemaking to protect families from bad retirement advice by requiring retirement advisers to abide by a “fiduciary” standard—putting their clients' best interest before their own profits.

## **In the coming months, the Department of Labor will propose a new rule that will seek to:**

·Require retirement advisers to put their client's best interest first, by expanding the types of retirement investment advice subject to ERISA: The definition of retirement investment advice has not been meaningfully changed since 1975, despite the dramatic shift in our private retirement system away from defined benefit plans and into self-directed IRAs and 401(k)s. The Department's proposal will update the definition to better match the needs of today's working and middle class families. Whether you are an employer trying to design a quality plan for your workers, a worker starting to save, or a retiree trying to avoid spending down your nest egg too quickly, you deserve access to quality advice, without fear that financial bias is clouding your broker's judgment.

**·Preserve the ability of working and middle class families to choose different types of advice:** The Department's proposal will continue to allow private firms to set their own compensation practices by proposing a new type of exemption from limits on payments creating conflicts of interest that is more principles-based. This exemption will provide businesses with the flexibility to adopt practices that work for them and adapt those practices to changes we may not anticipate, while ensuring that they put their client's best interest first and disclose any conflicts that may prevent them from doing so. This fulfills the Department's public commitment to ensure that all common forms of compensation, such as commissions and revenue sharing, are still permitted, whether paid by the client or the investment firm.

**·Preserve access to retirement education:** The Department's proposal will allow advisers to continue to provide general education on retirement saving across employer-sponsored plans and IRAs without triggering fiduciary duties.

When the Department of Labor issues a Notice of Proposed Rulemaking (NPRM) in the coming months, there will be opportunities to submit comments in writing and in a public hearing. To learn more, visit [DOL.gov/ProtectYourSavings](http://DOL.gov/ProtectYourSavings) (<http://www.dol.gov/featured/protectyoursavings/>).

Last summer, Sen. Booker met with President Obama's Senior Advisor Valerie Jarrett, Treasury Secretary Lew, Labor Secretary Perez, and Commerce Secretary Pritzker at the White House to discuss the utilization of diverse asset managers by federal, state, and local governments. He led his colleagues in a letter (<https://www.scribd.com/doc/256677375/PBGC-Letter>) fighting for increased diversity in the management of federal pension plans. Sen. Booker's office also held a staff briefing with the National Association of Securities Professionals to discuss diversifying federal pension plans.