"DOL Seeks Comments on Proposed Retirement Advice Rule," Toni Pilzner quoted in HR Magazine

Antoinette M. Pilzner | Wednesday, April 15, 2015

The U.S. Department of Labor issued a proposed rule on April 14, 2015, that would impose a stricter fiduciary standard on those providing retirement investment advice. While some of the concerns behind the proposal involve conflicted investment advice to individual retirement account (IRA) holders, the sweeping rule would also change how advice is provided to participants in 401(k) and other defined contribution plans.

Under the DOL proposal, those advising holders of 401(k) plan accounts, IRAs and other self-directed retirement plan accounts must following the so-called “fiduciary standard” by only offering advice that can be shown to be in clients’ “best interest,” and by disclosing any potential conflicts of interest, as opposed to recommending products that are deemed to be broadly “suitable” but may reward the advisors more than competing, lower-fee investment funds.

Access to this retirement investment advice may be paid by employer plan sponsors as an employee benefit. Currently, employers can contract with independent third-party advisors who typically operate on a fee-only basis and adhere to the fiduciary standard, or (often at a lower cost) procure participant advice as part of a bundled package of services through the financial firm that administers their plan. Many of these brokerage and mutual fund firm representatives who provide retirement advice to 401(k) account holders adhere to the “suitability” standard and not the fiduciary “best interest” standard.

Click here to read the full article.

Antoinette M. Pilzner
Team member bio