

Congress of the United States
Washington, DC 20515

September 28, 2015

The Honorable Thomas E. Perez
Secretary
United States Department of Labor
200 Constitution Ave. NW
Washington, DC 20210

Dear Secretary Perez:

We respectfully request the Department of Labor (DOL) to carefully consider the impact of its proposed Conflicts of Interest rule on the retirement security of Americans and to address the significant concerns raised in the thousands of comments submitted, as well as testimony provided in hearings, in the final rule. Careful considerations of the comments and substantial revisions to the proposed rule are required to make the rule workable and to minimize the unintended negative impact of the proposed rule on the retirement security of Iowans, and all Americans.

Therefore, we request that the DOL address the following three issues:

1. Preserve the carve-out for “education” as provided in DOL IB 96-1 and extend the scope to rollovers. IB 96-1 creates a bright line between education and advice on which the financial services industry has relied for years to provide essential information to participants in retirement plans regarding retirement security planning. For example, participants need information that matches investment options offered in plan to their asset allocation model;
2. Provide an exemption for sales to plans with fewer than 100 participants or \$100 million in plan assets. As the DOL recognized in the 2010 proposal, fiduciary status should not attach when an advisor is selling products. Small business owners are sophisticated and capable of understanding when an advisor or agent is offering a product for sale rather than providing advice. There are a significant number of small businesses, including family farms, which are interested in establishing retirement plans for their employees, many of whom are low and moderate income workers. ERISA requires all plans to name a fiduciary to represent the plan in all transactions and the fiduciary will, by law, have the experience and expertise to represent the plan in all transactions. The large plan sales exemption in the current proposal discriminates against small business owners and will put millions of employees participating in small businesses and their retirement security at risk;
3. Extend the insurance exemption to all annuities, including variable annuities. The proposed rule narrowed the prohibited transaction exemption (PTE) 84-24 to fixed annuities only. Variable annuities are first and foremost insurance products that provide guarantees both of lifetime income and against loss of principal and other portfolio losses. Annual annuity benefits paid in Iowa have reached approximately \$975,000 in recent years. Annuities are the only products that can provide a guaranteed lifetime income and participation in these vehicles should be encouraged rather than restricted, especially in light of this Administration’s good work on promoting lifetime income.

We have heard from many of our constituents about their concerns. Currently, Iowa residents have over \$300 billion in total life insurance coverage, including annuities. As constituents struggle to save for their retirement through defined contribution, rather than defined benefit plans, and worry about the future of Social Security, Iowans of all ages and income levels need to have frank and honest conversations with financial professionals about savings and retirement in order to ensure they are able to retire with true security.

The Iowa financial and insurance industry representatives to whom we have spoken have all agreed to a best interest standard when acting as an investment advice fiduciary. We share their genuine concern the proposal might limit their ability to provide Iowans with the same level of retirement planning education and advice. Individual Iowans have expressed concern that they will no longer be able to make proper choices about their investment advisor, or about the decision to purchase products and services. At a time where there is considerable discussion about implementing the best policies to support retirees, the federal government should be preserving, protecting, and enhancing retirement planning and savings rather than adopting a rule which reverses the recent trends to increase coverage, reduce leakage, and support savings vehicles.

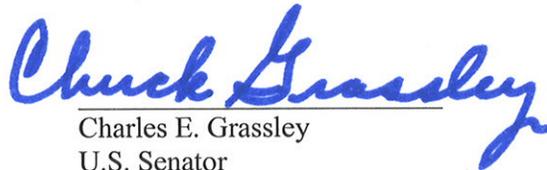
We echo our Iowa constituents' concerns regarding the impact of the proposed rule on their ability to access investment advice about retirement savings. In light of the vast number of issues and the considerable structural changes that must be made to make this rule workable, we again request a second look at the proposal, and that you address these concerns.

Thank you for your attention to this issue.

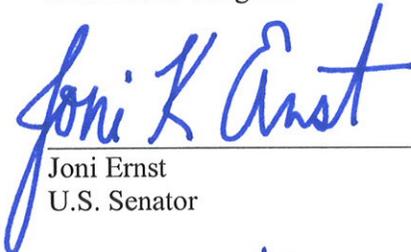
Sincerely,



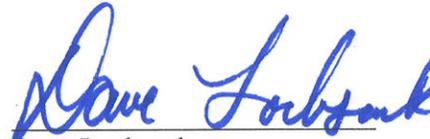
Rod L. Blum
Member of Congress



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U.S. Senator



Joni Ernst
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