



**INTERNATIONAL
BROTHERHOOD
OF ELECTRICAL
WORKERS®**

900 Seventh Street, NW
Washington, DC 20001
202.833.7000
www.ibew.org

LONNIE R. STEPHENSON
International President

SAM J. CHILIA
International
Secretary-Treasurer

June 16, 2015

The Honorable
United States Senate or House of Representatives
U.S. Senate or House Office Buildings
Washington, DC 20515

Dear Senator or Representative:

On behalf of the approximately 750,000 active members and retirees of the International Brotherhood of Electrical Workers (IBEW), I respectfully urge you to support the Department of Labor's (DOL) recently proposed rule: Definition of the Term "Fiduciary"; Conflict of Interest Rule – Retirement Investment Advice.

Over the last 40 years the financial services industry has grown and changed considerably. A shift from defined benefit plans to defined contribution plans began in the 1980s. A recent report by the DOL outlined this growth, "[i]n 1978, when legislation was enacted authorizing 401(k) type plans that allow employees to contribute to their own retirement plans on a pre-tax basis, participants contributed 29 percent of contributions to [defined contribution] plans . . . In the years following 1978, employee contributions to [defined contribution] plans steadily rose to a peak of approximately 60 percent in 1999, where it has remained."¹ Unfortunately, many participants are completely reliant on their investments in defined contribution plans for retirement. Despite these dramatic changes, the regulatory definition of fiduciary investment advice has not been updated.

The proposed rule is a long overdue update to the 1975 regulatory definition of fiduciary investment advice. The current regulatory definition of investment advice under the Employee Retirement Income Security Act (ERISA) requires that each prong of a five part test be met before a fiduciary standard is imposed. The DOL's current proposal would replace the five part test with a straightforward definition that parallels the definition of investment advice under securities laws. An individual would render investment advice and trigger fiduciary duty when he or she is compensated for providing an individualized recommendation to a plan participant, an Individual Retirement Account (IRA) owner, a retirement plan, or an IRA.

The proposed rule will protect the millions of Americans who are relying on what they believe to be investment advice related to their retirement security. It is extremely important to hold individuals giving advice to the same fiduciary

¹ <http://www.dol.gov/ebsa/pdf/2011pensionplanbulletin.pdf>



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standard as registered investment advisers. The DOL's proposal does just that. Those giving advice would need act in the best interest of their clients.

Your support of the proposal will protect the public interest, and the interest of IBEW workers, who rely on the integrity of advisers for their future. The IBEW stands ready to work with you in support of the DOL's proposal and requests that you oppose any attempts to weaken or delay its enactment.

Sincerely yours,


Lonnie R. Stephenson
International President

LRS:lgd