

**SECRETARY OF LABOR**  
**WASHINGTON, D.C. 20210**

**AUG - 7 2015**

The Honorable Ann Wagner  
U.S. House of Representatives  
Washington, DC 20515

Dear Congresswoman Wagner:

We received your letter dated July 29, 2015, signed by you and your colleagues, regarding the Department of Labor's proposed Conflict of Interest rule, which would require that retirement advisers put your constituents' best interests before their own profits.

The Department has undertaken incredibly thorough public outreach over the past five years as we have designed this proposal. When I became Labor Secretary two years ago, I committed to slowing down the process to ensure that all voices could be heard. As the result of lessons learned from the 2010 proposal and the robust listening process since, we issued a re-proposal in April 2015. This Notice of Proposed Rulemaking (NPRM), its expanded regulatory impact analysis, and proposed prohibited transaction exemptions published alongside are all directly responsive to the input received. The new proposal was designed to allow for the flexibility the financial services industry requested. This will ensure that your constituents are protected in a way that isn't unnecessarily disruptive for those who provide investment advice to retirement savers.

Since the NPRM was published, DOL staff have met over fifty times with the financial services industry and other interested organizations. I have also personally participated in many meetings with stakeholders. Each has been collaborative and constructive and they have certainly shaped our thinking. We received so far a total of over 330,000 comments from a variety of stakeholders, including 328,040 individual petition comments from members of the public, as well as comments from Members of Congress, the financial services industry, consumer advocates, and small businesses. We look forward to the public hearing which begins August 10, 2015, where this open and useful dialogue will continue and DOL staff will have the opportunity to talk directly once again to stakeholders.

This high level of interest and contribution to the process is indicative of a shift in attitude over the past few years – a recognition of the growing problem of conflicted advice, a desire to create a level playing field, agreement on the simple premise of putting the client's best interest first, and a "get to yes" attitude that will lead to a meaningful and workable rule. For these reasons, we will move forward towards issuing a Final Rule that balances the input we have received.

For your constituents and working families across our nation, the cost of inaction is too high: the Council of Economic Advisers conservatively estimates that conflicted retirement advice costs Americans \$17 billion per year. Hardworking Americans deserve access to retirement advice that ensures that their best interests are aligned with the interests of the person providing that advice. This is a simple premise presented with an open mind.

We hope you will take this opportunity to encourage your constituents – including both financial services companies and retirement savers – to submit comments to the Department in the next open comment period if they haven't already. We continue to welcome input on how to refine and streamline this proposal so that when we publish a Final Rule, we can all be sure that it is reflective of relevant input and achieves its desired goals.

Sincerely,



THOMAS E. PEREZ