

The DOL Retirement Security Rules Won't Cause Moderate-Income Investors to Lose Access to Retirement Advice. Here's Why.

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The DOL's new requirements for retirement investment advice are intentionally aligned with the SEC's current requirements for advice on securities investments set forth in Regulation Best Interest (Reg BI). While the scope of their application is different (the DOL Rules apply to all retirement plan investments while Reg BI applies only to securities), the **DOL Rules impose no material cost** beyond those that Reg BI imposes. In other words, the rules that previously applied only to SEC-registered annuities now will apply to all individual retirement annuities.

Moderate-income investors did not lose access to advice because of Reg BI, and they will not lose access to advice because of the DOL Rules.

Requirement	DOL Retirement Security Rules	SEC Regulation Best Interest (Reg BI)	What the DOL Rules Require that Reg BI Does Not	Costs Beyond Reg BI
Conduct Requirements	Duty of loyalty and duty of care. Prohibits (a) the receipt of more than reasonable compensation for services and (b) materially misleading statements.	Duty of loyalty and duty of care.	Substantially similar.	Immaterial.
Disclosures	Status as a fiduciary; description of the best interest standard; services to be provided; conflicts of interest and information about costs, fees, and advisor compensation.	Status as a broker-dealer, services to be provided, material fees and costs, and conflicts of interest.	Substantially similar.	Immaterial.
Conflicts of Interest	Policies and procedures to mitigate conflicts of interest, including a ban on quotas, contests, and other incentives likely to result in advice not in a client's best interest.	Policies and procedures to identify and mitigate conflicts of interest and eliminate sales contests based on the sale of specific securities within a limited period.	Substantially similar.	Immaterial.
Other Policies and Procedures	Written policies and procedures prudently designed to ensure compliance with the conduct standards and for the advisor and firm to mitigate conflicts of interest, to be updated as necessary.	Written policies and procedures reasonably designed to achieve compliance with Reg BI, including for the firm to mitigate the advisor's conflicts of interest, to be updated as necessary.	Substantially similar.	Immaterial.
Annual Retrospective Review	Annual retrospective review to assist in detecting and preventing violations of the conduct standards and the policies and procedures.	FINRA rules subject broker-dealers to similar requirements. DOL stated: "The retrospective review is based on FINRA rules governing how broker-dealers supervise" their advisors.	Substantially similar.	Immaterial.
Rollover Recommendations	A duty to consider various factors, including fees, levels of service under the existing and recommended options, and alternatives. The basis must be documented and provided to the participant in writing.	A duty to consider various factors, including fees, levels of service, available options, customer's investment profile, and risks. The SEC said it will be difficult to satisfy the standard without documenting the basis for opening the account.	Substantially similar.	Immaterial.