
Fiduciary rule delayed until July 1, 2019: DOL

By Editorial Staff *Thu, Aug 10, 2017*

'The delay is really more about giving the DOL time to rework the rule rather than companies really needing more time to prepare,' said Jamie Hopkins, co-director of the Retirement Income Program at the American College.

Apparently responding to requests from financial industry lobbies like the Investment Company Institute for further delays in the enforcement of the Obama-era “fiduciary rule,” the Department of Labor filed this statement in Minnesota federal court Wednesday:

“On August 9, 2017, the Department submitted to the Office of Management and Budget (“OMB”) proposed amendments to three exemptions, entitled: Extension of Transition Period and Delay of Applicability Dates From January 1, 2018, to July 1, 2019; Best Interest Contract Exemption (PTE 2016-01); Class Exemption for Principal Transactions in Certain Assets Between Investment Advice Fiduciaries and Employee Benefit Plans and IRAs (PTE 2016-02); Prohibited Transaction Exemption 84-24 for Certain Transactions Involving Insurance Agents and Brokers, Pension Consultants, Insurance Companies, and Investment Company Principal Underwriters (PTE 84-24).”

The delay will allow brokers to sell variable and indexed annuities under the PTE 84-24 exemption for at least about two more years, rather than under the more stringent Best Interest Contract Exemption, which gave investors the right to participate in class-action suits against financial services companies in cases of systematic abuse of the rule.

Further DOL notices were expected today.

In a release Wednesday, Jamie Hopkins, co-director of the Retirement Income Program at the American College, said about the new 18-month delay:

“The proposed delay was entirely expected. We knew that secretary Acosta wanted to delay the full implementation date at least a year. Some industry groups have been pushing for a two-year delay, so it appears they are going to split the difference. The delay is really more about giving the DOL time to rework the rule rather than companies really needing more time to prepare.

“There is an expectation that the private right to action through class action lawsuits will be removed from the rule, some product specific changes will like be built into the rule, and we should expect to even see some more and expanded exemptions from the general rule to allow many companies to keep doing business as they do today without significant change or interruption.”