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## **Obama Administration to Block Conflicts of Interest in 401(k) Advice**

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By Editor Test     *Fri, Sep 18, 2009*

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*DOL has killed a Bush regulation that would have let advisers affiliated with mutual funds or brokerages to advise 401(k) participants.*

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The Department of Labor is killing a regulation issued in the last days of the Bush administration allowing advisers affiliated with mutual funds, brokerage firms and other companies that sell investments to provide investment advice to 401(k) participants, *Investment News* reported.

“We believe the final investment advice regulation published in the Jan. 21 Federal Register went too far in permitting investment advice arrangements not specifically contemplated by the statutory exemption,” said Phyllis C. Borzi, assistant secretary of the Employee Benefits Security Administration, a unit of the Labor Department.

Ms. Borzi, made the announcement last week at a conference in Washington sponsored by the American Society of Pension Professionals & Actuaries.

The Pension Protection Act of 2006 included a provision aimed at making it easier for investment advisers to provide advice to 401(k) participants as long as fees earned by advisers are no different for investment options that are recommended and as long as disclosures are provided.

Many investment advisers opposed the Bush rule, arguing that fund companies and brokerage firms could exert pressure on advisers to recommend proprietary products. The Obama administration and House Education and Labor Committee Chairman George Miller, D-Calif., also had objected to the Bush rules.

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