Terry E. Branstad
GOVERNOR

OFFICE OF THE GOVERNOR

Kim Reynolds
LT. GOVERNOR

July 20, 2015

The Honorable Thomas E. Perez
Secretary, U.S. Department of Labor
200 Constitution Ave. NW
Washington DC 20210

Dear Secretary Perez:

Earlier this year, the Department of Labor issued a proposed rule that would substantially change the definition of "fiduciary" as it applies to retirement plans and IRAs. The proposed fiduciary rule raises concerns as to whether savers, retirees, and small businesses will continue to have access to certain financial products, especially annuities, as well as meaningful education and information on investments, retirement income, and workplace plans. We write to you today because we share the same goal that every Iowan should have access to good financial advice and a dignified retirement. It is our hope that there can be further collaboration with the states' insurance commissioners on the proposed rule and an opportunity to discuss the current proposal's potential unintended consequences.

We know that the Department of Labor is generally committed to true collaboration with the states, as demonstrated by your agency's significant efforts to work with the states on the implementation of the Workforce Innovation and Opportunity Act. Unfortunately, your agency has not met that same standard of collaboration and has failed to have a robust dialogue with the states' insurance commissioners on this proposed rule. To get Federal regulations right, the rules adopted by your agency must align and integrate with a myriad of state laws and regulations, including those which advance consumer protection.

A number of concerns about the proposed fiduciary rule have been shared with us about potential impacts the rule would have on hard-working Iowans who want to save for their retirements and small businesses that offer retirement plans to their employees. The proposed rule creates unintended consequences that could negatively impact Iowa savers, retirees, and small businesses in significant ways, and we want to share the concerns expressed to us for your consideration:

The Proposed Rule May Limit Iowans' Retirement Choices and Educational Access: A vast majority of investor accounts with less than $25,000 are in brokerage relationships. The proposed rule could negatively impact those relationships, making it harder for middle-income savers to access retirement advice. The rule could also cause significant disruptions in retirement systems and further confusion for investors.

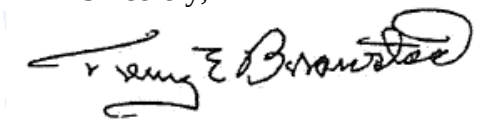
The Proposed Rule May Create Barriers for Iowans and Small Businesses From Using Advice That Works For Them: The proposed rule could significantly disrupt the current retirement system and make it harder for small businesses to offer retirement plans. Further, the rule could cause costly and confusing shifts for small savers, a problem that might be significantly acute in rural areas. This could reduce access to retirement planning for Iowans and ultimately mean that fewer Iowans will invest in their future by saving for retirement.

Iowans are living longer than ever before and, like many Americans, they are underestimating their longevity, with many living 20 to 30 years after they retire. As Iowans age, they need continued access to a variety of retirement products to help guarantee their savings last through retirement. And to make sure they are making decisions that are right for them, Iowa consumers need access to education and information about insurance and other retirement products that will help them save for their retirement. Additionally, Iowa small businesses need continued access to advice on starting and improving workplace retirement plans. Doing so will allow them to increase the number of workers in their businesses that are covered by retirement savings plans.

Enough concerns and possible unintended consequences about the proposed regulations have been expressed to warrant an extension of the comment period and more robust consultation with insurance commissioners, industry representatives and consumer advocates.

Thank you for your time and consideration.

Sincerely,





Terry E. Branstad
Governor of Iowa

Kim Reynolds
Lt. Governor of Iowa

cc: Nick Gerhart, Iowa Insurance Commissioner