



# San Antonio Alamo Area Local Legislative Updates



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## **Elizabeth Warren Hits Wall Street to Defend Obama Retirement Rule**

Sen. Elizabeth Warren (D-Mass.) took a swipe at Wall Street, detailing a host of vacations, cruises and other perks that retirement professionals commonly receive for steering clients into particular investments. The rewards provide investment experts with plush incentives to shortchange retirees for their own personal benefit.

Warren's description of the perks, outlined in a report issued by her office, serves as a fresh defense of a retirement security rule proposed by the Obama administration, which would prohibit such activity. Americans collectively lose about \$17 billion dollars a year to conflicted retirement account advice, according to the administration.

To solve that problem, the Department of Labor would impose a "fiduciary duty" on fund managers, requiring them to make investment decisions in the best interests of their clients and making it illegal for investment professionals to push clients into under-performing investments in order to score vacations or other benefits. Wall Street has aggressively lobbied against the rule, which is opposed by Republicans and many conservative Democrats with close ties to the financial industry.

"The most frequently cited inducements involve paid trips to resorts and vacation destinations – often touted as annual sales meetings or conventions 'with an educational component,'" the Warren report reads. The report details a host of rewards that annuities agents receive for high sales volumes. While the perks -- which the report describes as "kickbacks" -- do not compensate investment experts for specific sales of individual products, they do provide them with incentives to sell particular products to their overall client base, without regard to whether such products are appropriate for their financial profile.

Fidelity Guarantee and Life offered agents the opportunity to attend the company's 2015 Power Producer Conference at the Four Seasons Resort in Punta Mita, Mexico. Mutual Trust invited sales agents to its annual Vanguard Conference in Laguna Beach, California, offering "star treatment" to its top agents; American National offered a five-day, four-night stay at the Cove Atlantis on Paradise Island in the Bahamas for top-selling agents and their guests.

Warren said that such lavish travel arrangements are only described in "the broadest and most vague terms" in official investment disclosures -- terms that conceal their vacation-oriented nature.

While most rank-and-file Democrats have been quiet (or at times, even hostile) to the Obama administration's retirement security rule, Warren has emerged as its staunchest proponent in Washington