

## DOL Announces Major Changes To Final Fiduciary Rule

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The Department of Labor today rolled out the final version of its fiduciary rule for advisors with significant changes from what it proposed last April.

Labor Secretary Tom Perez said the regulations have been streamlined, simplified and clarified.

"It's a huge win for the middle class," said Perez, adding the rule will save tens of thousands of dollars for many workers and help them have a dignified retirement.

Among the key changes:

- An extension from eight months to a year for retirement advisory businesses to acknowledge their status as fiduciaries, meaning they are adhering to the best-interest standard, and to make basic conflict-of-interest disclosures. Firms will now have until January 1, 2018, for full compliance.

- For the first time, the fiduciary standard states explicitly that proprietary products such as fixed index annuities and variable annuities can be recommended by advisors who won't have to tell clients about similar investments offered by competitors.

"I don't think there is an obligation of an employee of MetLife to advise on products New York Life is selling," said Perez.

Perez said proprietary products have an important place in the retirement investment marketplace.

- "A number of changes" to increase access to financial advice for employees of small businesses.

- The rule has been reworded to make clear that advisors do not act as fiduciaries merely by recommending a customer hire them for advisory or asset management services.

- Advisors are explicitly exempted from the best-interest standard for communications that "a reasonable person would not view as an investment recommendation," such as general-circulation newsletters; television, radio and talk show commentary; and generally attended speeches and conferences.

- Under a best-interest contract exemption (BICE), advisors to small business clients that sponsor 401(k) plans will not need to specifically state potential conflicts of interest to their fiduciary obligations.

- A list of assets eligible for BICE exemptions has been removed.

During a press conference, Perez emphasized the fiduciary rule doesn't favor any particular retirement investments and doesn't mean advisors will always have to recommend the lowest-cost product.

"A Yugo may be the lowest price car, but it is not a very good car," said the labor secretary.

The DOL will be mounting an education initiative to make retail investors aware of their rights and to aid plan fiduciaries and fiduciary investment advisors in compliance.

Sometime Wednesday, the full text of the final fiduciary rule will be available on the Labor Department's website, [www.dol.gov](http://www.dol.gov), and the online version of the Federal Register ([www.federalregister.gov](http://www.federalregister.gov)). It is not known where the complete rule will appear first.

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