

## News

# Roberts' Testimony to Congress on Fiduciary Rule Highlighted by Several Outlets

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Statements made to the House of Representatives by Groom principal [Tom Roberts](#) on the Department of Labor's ("DOL") proposed fiduciary rule were featured by *National Association of Plan Advisors* in the article, "House Lawmakers Debate Merits of DOL's Proposed Fiduciary Rule," *PLANADVISOR* in the article, "Smaller Accounts, Insurance Product Impact Debated at Hearing on Fiduciary Proposal," and *PLANSPONSOR* in the article, "Congressional Hearing Highlights Arguments for, Against Retirement Security Proposal."

The *National Association of Plan Advisors* reported that Roberts stated that "the proposal's fundamental flaw is that it would 'sweepingly confer' fiduciary status on virtually all financial professionals and salespeople, including broker-dealers and insurance agents."

"Many of those investment professionals are compensated for their work by receiving transaction-based compensation (i.e., commissions) for completed sales," Roberts explained. "If ERISA fiduciary status were to be assigned to those same financial professionals, the commissions that they earn on completed sales would automatically be re-classified as illegal kickbacks, absent compliance with a series of complex, highly burdensome, prohibited transaction exemptive relief conditions prescribed by the DOL," he testified.

According to *PLANADVISOR* and *PLANSPONSOR*, Roberts testified that "insurance producers 'are duty bound to consider the cost' of a product when making a recommendation." He added that "the mere fact that a professional salesperson receives some compensation, in and of itself, is not a conflict with their best interest obligation."

The outlets further reported that Roberts said that "the proposal would impose a greater regulatory burden, and large segments of the population would either be 'unserved altogether or underserved.' Since imposing ERISA duties and obligations would increase costs and limit the compensation advisers could collect it would become uneconomical to serve smaller accounts."

To read the *National Association of Plan Advisors* article, [click here](#).

To read the *PLANADVISER* article, [click here](#).

To read the *PLANSPONSOR* article, [click here](#).