Press Release

In Whose Best Interest?

PAULINA ENCK | NOVEMBER 3, 2023

The Department of Labor has proposed a new rule to regulate the business of investment advice, positioning its efforts as part of its continued assault on "junk fees," under the perception that existing standards are outdated and fail to appropriately safeguard consumers. In a new insight, Director of Financial Services Policy Thomas Kingsley explains why the proposed change is overly broad and would potentially cover all financial advice, increasing the costs of such service and thus reducing its availability to consumers.

Kingsley concludes:

> The Biden Administration fact sheet (interpreting that concept rather broadly) that accompanies the announcement of the rule includes the following astounding assertion: "When the saver pays for advice that is not in their best interest, and it comes at a hidden cost to their lifetime savings, that's a junk fee." This wild mischaracterization of investment advice, the current regulatory environment, and the continually abused concept of the "junk fee" makes it difficult to see the proposed rule as anything other than what it may just be: a Trojan horse for populist politics masquerading as policy. At its core, however, the proposed rule seeks to make one very minor adjustment to the existing fiduciary standard but in doing so seeks to extend the existing framework far past the point of breaking.

Read the analysis