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On Fiduciary Rule, New York Times Relies on Fatally Flawed Research

By Paul Schott Stevens

Today I submitted the following letter to the editor of the *New York Times:*

To the editor:

The White House research you cite in "Successful Investing for the Long Haul" (editorial, April 8) is fatally flawed, and the claim that retirement savers pay "billions of dollars a year" in excess costs does not stand up to the facts.

The White House's "billions of dollars" rhetoric is based on an assumption that investors in individual retirement accounts (IRAs) pay fees that are more than 1 percentage point higher than the fees paid by 401(k) investors. In fact, the actual difference in fees between stock mutual funds held in IRAs and those in 401(k) plans is 0.16 percentage point—a fraction of the White House claim.

Further, none of the academic studies that the White House cites actually addresses the relevant question—the costs of investing with a fiduciary adviser versus the costs of using a broker or non-fiduciary. Indeed, none of the studies even identifies whether investors are advised by fiduciary or non-fiduciary advisers. The studies do not support the White House's conclusions of harm to investors.

Paul Schott Stevens
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We will continue to advocate vigorously to ensure that the Department of Labor does not implement a fiduciary definition so broad that it effectively prohibits firms from providing investment-related information and guidance to America's retirement savers.

Paul Schott Stevens was President and CEO of ICI.