Open Letter: U.S. Department of Labor Should Protect Those on Path to Economic Security by Implementing Fiduciary Rule

More than one third of Hoosier families struggle to bring in enough income to meet their basic needs – food, rent, health care, transportation, and child care - without public or private assistance. For those who cross the threshold into self-sufficiency, one of the next major steps toward long-term economic security is saving for retirement. Retiring with dignity and security is a dream most Hoosiers share, and adequate personal savings is currently the only reliable pathway to keep families from spending their golden years worried about their finances. **Sadly, the U.S. Department of Labor is currently taking steps to make it even harder to build a sufficient nest egg.**

Although there are some social safety nets (e.g. Social Security, Medicare) that are designed to prevent seniors from living in or near poverty, they are often inadequate. Today, more than one in six Hoosiers age 65+ lives well below self-sufficiency (with income at 150% of federal poverty or less). Accordingly, in On the Road: Exploring Economic Security Pathways in Indiana, coauthored by Dr. Diana Pearce and the Indiana Institute for Working Families, we advise that "the sooner [families] are able to begin saving for retirement, the better." As illustrated in the report, a single adult in Tippecanoe County who starts saving at age 25 may only need to set aside $203/month to be financially secure in retirement, while that same adult will need to tuck away $757/month if she waits until age 55 to begin saving. To see data for your age range and county, see table 8 of the report.

Unfortunately for those Hoosiers who reach this step in the economic security pathway, the Department of Labor is proposing to delay and possibly overturn the fiduciary rule, which would require that all financial professionals provide advice that is in best interests of savers. Without this rule, advisers are allowed to put their financial interests ahead of their clients', leaving Hoosiers and other Americans vulnerable to advice that puts more of their hard-earned dollars in the pockets of financial professionals instead of their IRAs. The rule was set to take effect this month and projected to save Americans $17 billion a year. That's billion with a B.

"Hoosiers who are striving toward long-term economic security need this kind of protection now more than ever," said Erin Macey, policy analyst at Indiana Institute for Working Families. "Fewer people have pensions, so more Hoosiers must manage their retirement savings on their own. Those who turn to professionals to help them navigate the complex world of investing should feel confident that they are getting the best counseling possible. It is distressing to think that the advice Hoosiers are paying for may not be in their best interests."

For Hoosiers striving toward a dignified retirement at the end of their working life, the fiduciary rule is a small but important guard rail on the pathway to economic security. The Indiana Institute for Working Families joins the many other organizations calling on the U.S. Department of Labor to move forward with implementation of the rule.