
EDUCATION & LABOR COMMITTEE

Congressman George Miller, Chairman

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Chairman Andrews Statement At Subcommittee Hearing On Retirement Security: The Importance of an Independent Investment Adviser

WASHINGTON, D.C. – *Below are the prepared remarks of U.S. Rep. Robert Andrews (D-NJ), chairman of the House Subcommittee on Health, Employment, Labor and Pensions for a subcommittee hearing on “Retirement Security: The Importance of an Independent Investment Adviser.”*

Good morning and welcome to the Health, Employment, Labor, Pensions

(HELP) Subcommittee’s hearing on “Retirement Security: The Importance of an Independent Investment Adviser.”

On the eve of the inauguration of President Barack Obama, the Bush administration attempted to finalize a regulation concerning the Employee Retirement Income Security Act (ERISA) that raised substantial questions of law and policy. Essentially, the final rule issued would have allowed conflicted financial advice to workers with regard to their 401(k) and other types of defined contribution plans.

Fortunately, thanks to letters of opposition from Chairman Miller and myself, as well as several other Members of Congress, as well as consumer advocacy groups and several financial industry insiders who serve in the interest of investors, the Obama administration has delayed the effective date of the regulation for further examination of its intent.

I believe in the value of providing American workers with access to investment advice, so long as the advice is independent and free from conflict - serving in the interest of the worker, rather than him or herself. During a time where American workers have already lost \$2 trillion in assets due to last year’s market downturn, exposing their hard-earned retirement savings to greater risk by allowing advisers to offer them conflicted advice is irresponsible and imprudent.

Many of my colleagues during consideration of the Pension Protection Act of 2006 were well intended with respect to ensuring that if workers' were to receive investment advice with respect to their retirement savings, it would be independent. Despite their good intentions, the manner in which the process unfolded for the bill's consideration muddled their intent, paving the way for creation of a statutory loophole so that conflicted advice could be offered to participants through the regulatory process.

Today's hearing provides those individuals in favor of giving participants the choice of non-conflicted investment advice, an opportunity to be heard and reject the Bush administration's investment advice regulation, which would expose millions of Americans to the Madoffs of the world.

I thank all of the witnesses for coming before us today and look forward to hearing their testimony.

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