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June 17, 2011

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The Honorable Hilda L. Solis
U.S. Department of Labor
Frances Perkins Building
Third Street and Constitution Avenue, NW
Washington, DC 20210

Dear Secretary Solis:

I am writing to express concerns about the Department of Labor's proposed definition of a fiduciary.

I certainly share the same objective: we all want to help Americans invest prudently for their retirement. However, I am concerned about reports that the Department's proposed regulation could actually have the opposite effect, by cutting off millions of middle-income Americans from access to investment services. For example, a recent study concluded over seven million IRAs would lose access to an investment professional by reason of the regulation. Other plan and IRA participants would be forced to pay far more—double in many cases—for investment services.

This is a very serious issue that needs to be studied carefully. In that regard, I am very concerned that the Department did not do a cost analysis regarding the effect on IRAs before proposing the regulation. I am also concerned about the Department's own uncertainty regarding the effects of the regulation on the market.

I urge you to perform the necessary cost/benefit analysis with respect to the regulation. Then, based on the extensive commentary you have received and the results of the cost/benefit analysis, the next step should likely be to repropose the regulation. Reproposing the regulation would also enable the Department to coordinate more effectively with other agencies, such as the SEC, on related fiduciary projects.

I truly believe that working together in a public/private partnership, we can make great progress toward increasing retirement security for Americans. An important step in that regard is to proceed carefully and with maximum public input on this critical issue. Thank you for your consideration of my views.

Sincerely,

Terri Sewell

TERRI A. SEWELL
Member of Congress

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