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AARP: Retirement Savers Win Big in Texas Court Decision

Third Recent Court Ruling Blunts Efforts to Overturn Conflict of Interest Rule

WASHINGTON, DC—The federal district judge's decision on Wednesday supporting the fiduciary rule in retirement savings will blunt efforts to overturn the Department of Labor's (DOL) consumer-oriented rule, AARP said today.

The federal district court in Dallas, Texas rejected every claim made by numerous financial trade groups that retirement advice in the best interest of retirement savers – also known as fiduciary duty – could not be required by DOL. The Texas court firmly supported the fiduciary duty standard and swept away the arguments made by the financial groups.

This decision is the third by a federal court in recent months agreeing that the DOL can require financial advice for retirement savers to meet a fiduciary standard. No court has ruled otherwise.

"These are significant victories for investors across the country," said Nancy LeaMond, AARP Executive Vice President. "Retirement savers should be able to get retirement investment advice in their best interest, not the interest of Wall Street."

"Many advisers already meet a fiduciary standard, and many more firms, agents and brokers have invested considerable time and money complying with the fiduciary rule," LeaMond added. "All advisers should meet this standard."

Prior to last June, when the fiduciary rule went into effect, many financial advisers were allowed to give advice that met a lower standard, called the suitability standard, which permitted hidden fees and commissions that cost retirement savers an estimated \$17 billion each year. Compliance with the fiduciary rule begins April 10.

However, last week, President Donald J. Trump issued a memorandum directing DOL to review the rule and determine if it should be repealed or modified.

LeaMond pointed out that the Texas ruling reaffirms the validity of the DOL rule and that it is not a simple matter to take "these common sense consumer protections away from investors."

In the most recent fiduciary duty court decision, the Texas court firmly found that the DOL has the authority to require best interest advice, not only in workplace retirement plans, but for retirement rollovers and IRAs.

The court also ruled that DOL had satisfied all congressionally-required procedures. Opponents had made unsuccessful claims that the rule was neither reasonable nor workable.

LeaMond concluded: "The road to high investment standards has taken years, and AARP intends to continue this drive until every investor can count on retirement advice that is in their own best interest."

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About AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment. AARP also works for individuals in the marketplace by sparking new solutions and allowing carefully chosen, high-quality products and services to carry the AARP name. As a trusted source for news and information, AARP produces the world's largest circulation publications, AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org or follow @AARP and @AARPadvocates on social media.

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