

- [PRESS](#)
- [Press Releases](#)

AARP Says SEC Proposed ‘Best Interest’ Rules Fall Short, with Ill-Defined Standard, Confusing Disclosure Forms

WASHINGTON, D.C.—The Securities and Exchange Commission’s proposed “best interest” advice rule fails consumers with an ill-defined standard and confusing disclosure forms, according to an assessment by AARP.

In a series of comment letters filed with the SEC, AARP said that although the proposals are a good first step, they fail to protect consumers in two specific ways: the proposals do not clearly define the standard of conduct for investment professionals as a “fiduciary standard,” and the proposals do not provide investors with clear, concise disclosure forms.

Millions of hard-working Americans depend on financial professionals to help them make complex decisions about their investments, and older Americans want their interests put first when they are getting financial advice. In a recent survey, AARP found that 7 in 10 Americans ages 50-plus favor putting in place a rule that would require professional financial advisors to give advice in the best interest of the account holders. Today, consumers saving for retirement lose an estimated \$17 billion each year due to profit-driven advice from financial advisers and brokers that is stacked with hidden fees and unfair risk.

Continuing its years-long grassroots and social media efforts promoting sound investment advice, AARP is urging its members to engage with the SEC on this important rulemaking. As a result, over 10,000 individual comments have been filed by AARP members, and dozens of volunteers have attended SEC forums in five cities – Atlanta, Miami, Washington, D.C., Philadelphia and Denver -- to provide feedback to the SEC Chairman, Commissioners and staff.

One of AARP’s three comment letters pertains to the SEC’s proposal for a standardized client relationship summary disclosure (“Form CRS”). “We heard over and over from investors at the Commissioner’s roundtable events that older Americans want clarity in the forms and they want to know that the advice they receive is in their best interest,” said AARP Legislative Counsel David Certner, who testified before the SEC Investor Advisory Committee in June on the issue.

In each of the letters, AARP reiterated that the organization “remains committed to the strongest possible fiduciary standard for retirement investment advice and recommends a similar standard for all other investment advice. There is a growing need to update the rules to accurately reflect the realities of the marketplace today and provide investors with the protections they need to save and invest for retirement. We urge the Commission to implement a uniform fiduciary standard to protect investors.”

The full text of AARP’s letters can be found here:

- [Request for Comment on Regulation Best Interest](#)
- [Request for Comment on the Form CRS Relationship Summary](#)
- [Request for Comment on Proposed Commission Interpretation Regarding Standard of Conduct for Investment Advisers](#)

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About AARP

AARP is the nation’s largest nonprofit, nonpartisan organization dedicated to empowering people 50 and older to choose how they live as they age. With a nationwide presence and nearly 38 million members, AARP strengthens communities and advocates for what matters most to families: health security, financial stability and personal fulfillment. AARP also produces the nation’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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