



Flashpoint: DOL Delays Fiduciary Rule Changes

As expected, the Department of Labor (DOL) has extended the applicability date of the new fiduciary/conflict of interest regulation from April 10 to June 9. The new rule also extends the applicability of the Best Interest Contract Exemption (BICE) interim applicability.

What does this mean? First of all, for those of you who were struggling to comply with the new rules by next week, you can take a breath. Second, the purpose of the extension is to give the DOL the time it needs to follow the President's direction to review the regulation and make three determinations: whether the new rule has or is likely to harm investors due to a reduction of access to retirement savings products and services; whether the rule has resulted in disruptions in the industry that harm investors; and whether the rule is likely to increase litigation and prices. If the DOL answers "yes" to these questions or determines that the regulation is not consistent with Administration policies and priorities, additional action should be taken, possibly including a rescission of the rule.

While most people in the industry are heaving a sigh of relief—albeit perhaps temporary—remember that there are positive aspects of the new rule that are also being delayed. These include, most importantly, the "BICE Lite" prohibited transaction exemption that permits plan fiduciaries to give participants advice on distributions and rollovers without running afoul of the prohibited transaction rules.

If you have any questions about the fiduciary rule, the delay, or anything else retirement plan-related, be sure to give us a call.



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