

May 10, 2021

The Honorable Tina Smith
United States Senate
720 Hart Senate Office Building
Washington, DC 20510

Re: Letter of Support for the *Financial Factors in Selecting Retirement Plan Investments Act*

Dear Senator Smith:

On behalf of the more than 30,000 members of the American Retirement Association (ARA), we hereby express our support for the *Financial Factors in Selecting Retirement Plan Investments Act*.

The ARA is the coordinating entity for its five underlying affiliate organizations representing the full spectrum of America's private retirement system – the American Society of Enrolled Actuaries (ASEA), the American Society of Pension Professionals and Actuaries (ASPPA), the National Association of Plan Advisors (NAPA), the National Tax-Deferred Savings Association (NTSA), and the Plan Sponsor Council of America (PSCA). The ARA's members include organizations of all sizes and industries across the nation who sponsor and/or support retirement saving plans and are dedicated to expanding on the success of employer-sponsored plans. The ARA and its underlying affiliate organizations are diverse but united in their common dedication to the success of America's private retirement system.

The ARA has long believed that retirement plan participants and beneficiaries are best served when the Employee Retirement Income Security Act (ERISA) principles governing the selection of retirement plan investments by plan fiduciaries are clear. ERISA fiduciaries' obligations of prudence and exclusive purpose are at the heart of ERISA's protections of retirement plans and participants including in the context of plan investment selection. The ARA believes that ERISA requirements for fiduciaries selecting plan investments should neither promote the sacrifice of investment returns or assumption of greater investment risks as a means of promoting collateral social policy goals nor should they preclude consideration of benefits other than investment return.

The *Financial Factors in Selecting Retirement Plan Investments Act* clarifies ERISA fiduciary obligations to make clear that a plan fiduciary may consider environmental, social, and governance (ESG) factors in the selection of retirement plan investments and provides that ESG investments are permitted as qualified default investment alternatives in ERISA-covered retirement plans.

The *Financial Factors in Selecting Retirement Plan Investments Act* establishes the principle in ERISA that ESG investments should not be discouraged or treated differently than other retirement plan investment options. The ARA thanks Senator Smith for championing this important issue and urges Congress to promptly enact this legislation into law.

Sincerely,



Brian H. Graff, Esq. APM
Executive Director/CEO
American Retirement Association