

MEMO# 14122

November 8, 2001

HOUSE WAYS AND MEANS COMMITTEE APPROVES INVESTMENT ADVICE LEGISLATION

[14122] November 8, 2001 TO: PENSION COMMITTEE No. 72-01 INVESTMENT ADVICE AD HOC COMMITTEE No. 6-01 RE: HOUSE WAYS AND MEANS COMMITTEE APPROVES INVESTMENT ADVICE LEGISLATION Yesterday, the House Committee on Ways and Means approved H.R. 2269, the "Retirement Security Advice Act of 2001" by a vote of 25 to 15. As you are aware, the Ways and Means Committee has jurisdiction over the Internal Revenue Code provisions of H.R. 2269, which provide a parallel statutory exemption for the prohibited transaction rules set forth in Code section 4975. As we previously informed you, the House Education and the Workforce Committee approved H.R. 2269 in October of this year.¹ The Ways and Means version of H.R. 2269 is substantially similar to the versions of the bill approved by the House Education and the Workforce Committee and the Subcommittee on Employer-Employee Relations. Notably, however, the Ways and Means Committee modified the frequency of disclosures required under the Code provisions of H.R. 2269. Specifically, in addition to providing such disclosures at a time reasonably contemporaneous with the initial provision of advice, the "fiduciary adviser" must, without charge, (i) provide such currently accurate disclosures to the recipient of the advice no less than annually, (ii) make such information available upon request, and (iii) provide such disclosures in the event of a material change to the information. We will inform you of further developments. Thomas T. Kim Associate Counsel Attachments (in .pdf format) 1 See Institute Memorandum to Pension Committee No. 67-01 and Investment Advice Ad Hoc Committee 5-01, dated October 4, 2001. The language approved by the House Subcommittee on Employer-Employee Relations was substantively identical to the bill as introduced in June 2001. For a summary of that version of the legislation, see Institute Memorandum to Pension Committee No. 40-01 and Investment Advice Ad Hoc Committee 2-01, dated June 25, 2001.