

FINAL DEPARTMENT OF LABOR RETIREMENT SECURITY RULE

Frequently Asked Questions

The [Department of Labor \(DOL\)](#) released the final version of the [Retirement Security Rule “final rule”](#) on 4/23/24. The final rule broadens the definition of an investment advice fiduciary under the [Employee Retirement Income Security Act \(ERISA\)](#) and the Internal Revenue Code (IRC) and applies when financial services institutions and professionals receive compensation for providing individualized investment advice to retirement investors and/or managing their assets. The final rule and amendments to the Prohibited Transaction Exemptions (PTEs) generally take effect on 9/23/24. Specifically, financial professionals and institutions must comply with the Impartial Conduct Standards and Fiduciary Acknowledgment requirement by this date. Compliance with all the conditions of the amended PTEs would not be required until the end of a one-year phase-in period, which would be 9/23/25.

Below is a list of frequently asked questions regarding the final rule. While your firm is an excellent source of information about how the final rule will affect your business, the following information outlines the general potential impact of the rule—and how Pacific Life can help.

What does the new final rule require of financial professionals?

The final rule redefines an ERISA fiduciary and amends certain already-existing Prohibited Transaction Exemptions (namely, [PTE 84-24](#) and [PTE 2020-02](#)). Specifically, it more broadly treats financial services professionals as ERISA fiduciaries when providing individualized investment advice to retirement investors for compensation. IRA rollover advice is specifically included in the regulation as a form of fiduciary advice.

How is the final rule different than what was proposed in 2016?

The final rule shares many similarities with the DOL’s 2016 Fiduciary Rule, but there are some differences:

- The broad advice exemption, PTE 2020-02, as finalized, specifically provides an exemption from the prohibited transaction rules for pure robo-advice relationships, unlike the 2016 rulemaking.
- Unlike the 2016 rulemaking, PTE 84-24 has been specially tailored for independent insurance agents and does not require insurance companies to assume fiduciary status with respect to these agents.
- Neither PTE 2020-02 nor PTE 84-24, as amended, require financial institutions to disclose all their compensation arrangements with third parties on a publicly available website, as was required by the 2016 rulemaking.

Who does this proposal primarily affect?

The final rule focuses on ERISA plans and [Individual Retirement Account \(IRA\)](#) rollovers. Financial professionals already acting as ERISA fiduciaries will not necessarily experience a significant impact. These individuals already may comply with most of the requirements. However, financial professionals who may provide investment advice as part of their businesses and were not previously recognized as fiduciaries may be significantly affected due to, among other things, required changes to their current processes and increased overall costs of doing business. There is concern this could result in consumers and retirement investors losing access to some educational support, informational resources, and various product options.

¹Employee Benefits Security Administration, Department of Labor. “Retirement Security Rule: Definition of an Investment Advice Fiduciary.” Federal Register, April 25, 2024.

When will the final rule become effective?

The final rule is effective on 9/23/24. As noted previously, certain requirements of the final rule must be implemented by no later than 9/23/24, with the remaining requirements to be implemented by the end of the one-year phase-in period. Whether or not the rule is paused while any litigation proceeds would be determined by the court system.

What should I do differently today?

Your firm will make you aware of any changes in your processes. Your firm also will be your best source of information about how the final rule might specifically affect you.

Does Pacific Life have any educational materials that may help prepare me or my clients for IRA rollover conversations?

Remember, your firm is always the best place to get information on processes and procedures, but we can help too. Pacific Life has several brochures to assist in preparing you for these conversations, and we also provide educational materials to help clients better understand their options. Be sure to reach out to your Pacific Life consultative wholesaler to request the resources you and your clients need.

For more information about the Retirement Security Rule,
please contact the Retirement Strategies Group at
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