

Brokerage groups' higher spending on lobbying doesn't kill DOL fiduciary rule

Despite heavily outspending investment adviser groups on lobbying lawmakers in the second quarter, industry trade associations didn't succeed in a key goal

By Mark Schoeff Jr. | July 25, 2016 - 1:39 pm EST

Trade associations representing the brokerage and insurance industries once again heavily outspent investment adviser groups on lobbying lawmakers in the second quarter, but the advantage hasn't succeeded in killing a Labor Department investment advice regulation.

Organizations that have most stridently opposed the measure, which would raise advice standards for retirement accounts, have also spent the most heavily on Capitol Hill outreach.

Despite the House Appropriations Committee's recent approval of a DOL spending bill with a rider to [prevent from the agency from enforcing the rule](#), lawmakers' efforts to squelch it have failed.

Two resolutions that would have halted the ruled [failed to achieve supermajorities](#) to overcome President Barack Obama's veto.

"This is an example of an executive agency not listening to lobbyists as much," said Jeff Yamada, a wealth counselor at MCS Family Wealth Advisors.

The Securities Industry and Financial Markets Association spent \$1.6 million in the second quarter for a total of \$3.2 million through the first half of the year, according to records filed with the Office of the House Clerk. The Investment Company Institute and the American Council of Life Insurers each spent \$1.2 million in the second quarter, and \$2.5 million and \$2.3 million, respectively, for the year so far.

The National Association of Insurance and Financial Advisors spent \$568,000 in the second quarter and \$1.1 million for the year. Two other DOL fiduciary-rule critics: the Financial Services Institute spent \$180,000 in the second quarter (\$360,000 for the year), while the Insured Retirement Institute spent \$70,000 in the second quarter (\$160,000).

The biggest spender of the groups in favor of the DOL rule was AARP, with \$2.1 million spent in the second quarter and \$3.9 million for the year. Of course, the retirement advocacy group's lobbying encompasses a much wider swath of issues than financial industry concerns.

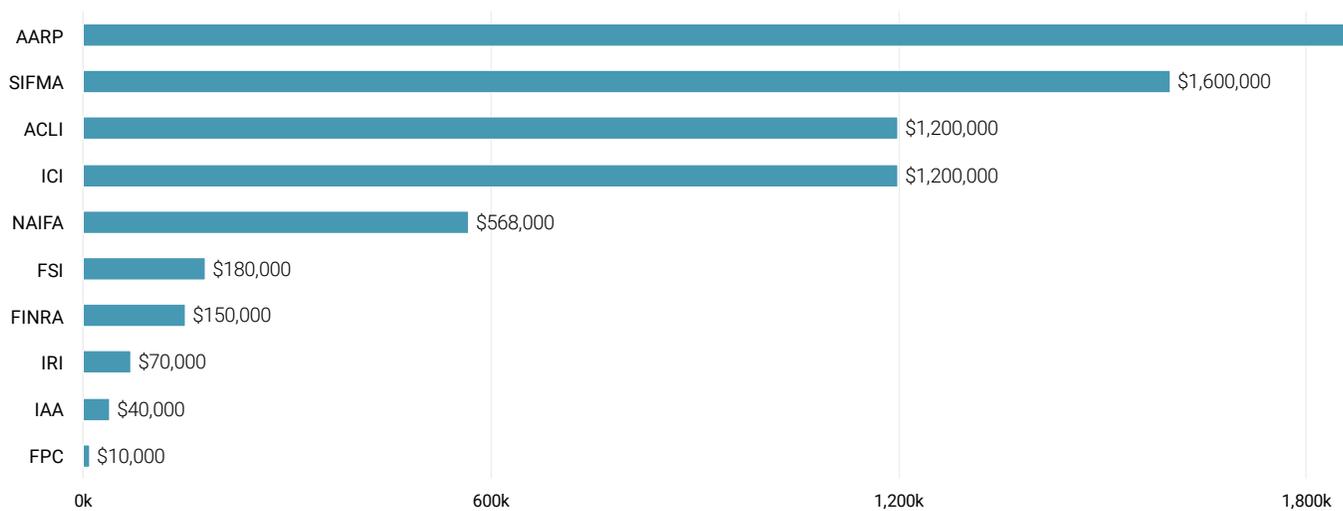
Lobby amount, 2016 Q2

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Source: Office of the Clerk, U.S. House of Representatives

Lobbying outlays by groups representing investment advisers was modest. The Investment Adviser Association spent \$40,000 in the second quarter and \$80,000 in the first half of the year, while the Financial Planning Coalition spent \$10,000 (\$20,000). The Financial Planning Association, which is part of the FPC, spent \$15,000 in the first quarter, but didn't make a second-quarter filing.

Each of the trade organizations, especially the larger ones, lobby on a range of issues beyond the DOL rule.

Still, the disparity of spending worries Mr. Yamada. He conducted his own study of lobbying against the DOL rule in the third quarter of 2015. His compiled statistics, which included spending by individual firms, found that those in opposition outspent DOL supporters by \$50 million to \$5 million.

"You're paying for access to improve your bottom line," Mr. Yamada said. "The brokerage industry is spending a lot to defeat the DOL rule. That's in their best interest, but not in the best interest of consumers."

The trade groups opposing the DOL measure say they are representing the views of their members, who maintain that the rule would significantly increase regulatory costs and liability risk and make giving and receiving advice sharply more expensive. Many of them also [have filed lawsuits](#) to stop the rule.

The effort to influence lawmakers is important on an issue like the DOL rule because so few people understand it, said Mario Nardone, president of East Bay Financial Services.

"It's frustrating to see organizations fighting to keep an uneven playing field ... especially on an issue that a lot of Americans are in the dark about," Mr. Nardone said.

Advisers should try to put themselves in front of their members of Congress and senators to make their policy case, according to Mr. Yamada, a former president of the FPA of Central Oklahoma.

The FPA and other adviser groups sponsor Capitol Hill lobbying days.

"Any time you step into a congressional office and say you're a constituent, that's effective — at least as effective as lobbying money," Mr. Yamada said.

Regulators also invest in lobbying. The Financial Industry Regulatory Authority Inc., the industry-funded broker regulator, spent \$150,000 in the first quarter (\$340,000 through the first half of the year). It did not lobby on the DOL rule.

The Municipal Securities Rulemaking Board spent \$10,000 lobbying in the second quarter and \$20,000 so far this year.

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