

# PENTEGRA TECH TIPS



## Update on DOL Initiatives

### DOL Extends ESG Inquiries to RIAs

The U.S. Department of Labor (DOL) has expanded its research into environmental, social, and governance (ESG) themed funds to include Registered Investment Advisor (RIA) firms.

Letters sent on behalf of the DOL by the Employee Benefits Security Administration (EBSA) to the RIAs in late July seek information about their use of ESG funds in retirement plans over a five-year period.

“The Department seeks to better understand the Plan fiduciaries’ selection of ESG funds for inclusion in the plan’s investment options and compliance with their duty to administer the Plan prudently and solely for the purpose of providing benefits to participants and beneficiaries, and defraying reasonable expenses of administering the plan,” wrote EBSA New York Regional Director Thomas Licetti.

The letter asks for every investment and fiduciary policy, procedure, minutes of meetings, communications, performance data and audit, and names of addresses of anyone who had input on RIA firms’ ESG investment decisions. The move has alarmed some in the industry, following as it does the DOL’s proposal to force RIAs and plans to limit their ESG investments.

“Private employer-sponsored retirement plans are not vehicles for furthering social goals or policy objectives that are not in the financial interest of the plan,” Labor Secretary Eugene Scalia said in a news release. “Rather, ERISA plans should be managed with unwavering focus on a single, very important social goal: providing for the retirement security of American workers.”

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