

Important Update on the New DOL Retirement Security Rule

Last month, we issued a Compliance Bulletin discussing the adoption of the Retirement Security Rule (“Rule”) and related amendments to Prohibited Transaction Exemption (“PTE”) 84-24 and PTE 2020-02 by the U.S. Department of Labor (“DOL”). The Rule and amended PTEs were set to be phased in beginning September 23, 2024.

Various insurance trade groups filed lawsuits (*Federation of Americans for Consumer Choice, Inc., et al. v. United States Department of Labor et al.* and *American Council of Life Insurers, et al. v. United States Department of Labor et al.*) challenging the validity of the Rule and amended PTEs. The Court in each case recently granted the insurance trade groups’ request for a stay of the Rule while the lawsuits are pending.

What do these decisions mean?

Simply stated, the Rule and amended PTEs are on hold pending the outcome of these cases. For as long as the stay remains in place for each case, the expanded definition of investment advice fiduciary and amended PTEs will not take effect, including any appeals.

How do these decisions impact the existing DOL Fiduciary Rule?

The five-part test for determining if you are acting in a fiduciary capacity when selling annuities remains in place. You may continue to rely on PTE 84-24 as it existed before the Rule was adopted.

What are the next steps?

Changes to the application submission process to accommodate the Rule are currently suspended until further notice. We will continue to follow these legal proceedings and communicate any developments to you.

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