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Retirement Security Advice Act of 2002

Congress: 107 (2001–2003, Ended)

Chamber: Senate

Policy Area: Labor and Employment

Introduced: Mar 1, 2002

Current Status: Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (text of measure

Latest Action: Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (text of measure as introduced: CR S1394-1396) (Mar 1, 2002)

Official Text: <https://www.congress.gov/bill/107th-congress/senate-bill/1978>

Sponsor

Name: Sen. Hutchinson, Tim [R-AR]

Party: Republican • **State:** AR • **Chamber:** Senate

Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Bond, Christopher S. [R-MO]	R · MO		Mar 18, 2002
Sen. Santorum, Rick [R-PA]	R · PA		May 23, 2002
Sen. Roberts, Pat [R-KS]	R · KS		Jun 4, 2002

Committee Activity

Committee	Chamber	Activity	Date
Health, Education, Labor, and Pensions Committee	Senate	Referred To	Mar 1, 2002

Subjects & Policy Tags

Policy Area:

Labor and Employment

Related Bills

No related bills are listed.

Retirement Security Advice Act of 2002 - Amends the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code to allow prohibited transaction exemptions under specified conditions to: (1) a fiduciary adviser's providing certain investment advice to an employee benefit plan or to a participant or beneficiary of such plan; (2) sale, acquisition, or holding of securities or other property (including any lending of money or other extension of credit associated with these) pursuant to such advice; and (3) direct or indirect receipt of fees or other compensation by the fiduciary adviser or an affiliate in connection with providing such advice.

Qualifies the following as such fiduciary advisers if they satisfy applicable laws: (1) registered investment advisers; (2) banks; (3) insurance companies; (4) registered broker-dealers; (5) affiliates of such entities; or (6) employees, agents, or registered representatives of such entities. Requires fiduciary advisers to keep for six years records necessary to determine whether the conditions of the exemption have been met.

Requires such a fiduciary adviser to disclose: (1) fees or other compensation it receives relating to the provision of investment advice or a resulting sale or acquisition of securities or other property, including from third parties; (2) any interest it has and its affiliates have in any security or other property recommended, purchased, or sold; (3) any limitation placed on its ability to provide advice; (4) the advisory services offered; (5) that it is acting as a fiduciary of the plan in connection with the provision of such advice; and (6) any information required to be disclosed under applicable securities laws. Requires such disclosure to be: (1) written to be understandable by the average plan participant; and (2) maintained in currently accurate form.

Allows any such investment advice provided to participants or beneficiaries to be implemented only at their direction. Requires the terms of the transaction to be at least as favorable to the plan as an arm's length transaction would be. Requires to be reasonable any compensation received by the fiduciary adviser and its affiliates in connection with any transaction.

Requires such a fiduciary adviser to provide the plan sponsor a written acknowledgment that it is acting as a fiduciary of the plan. Exempts from the duty to monitor the specific investment advice given by the fiduciary adviser a plan sponsor or other fiduciary that arranges for a fiduciary adviser to provide investment advice to participants and beneficiaries, if certain conditions are met under this Act. Declares that the plan sponsor or other fiduciary retains the duty of prudent selection and periodic review of the fiduciary adviser. Allows plan assets to be used to pay for the expenses of providing investment advice to participants and beneficiaries.

Actions Timeline

- **Mar 1, 2002:** Introduced in Senate
- **Mar 1, 2002:** Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (text of measure as introduced: CR S1394-1396)