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Newsflash: Department of Labor Financial Security Rule on Hold

On April 23, 2024, the Department of Labor (DOL) issued the **new Retirement Security Rule (Rule)** expanding the definition of fiduciary investment advice and implementing additional compliance requirements related to various Prohibited Transaction Exemptions (PTEs) used when making covered recommendations and receiving compensation. The Rule was issued with an effective date of September 23, 2024.

Two Legal Challenges to the New Rule

After this new Rule was published, two cases challenging the Rule were filed in the courts. One lawsuit was filed by the Federation of Americans for Consumer Choice (FACC) and the second was filed by joint trades supporting the financial services industry, including [ACLI](#), [Finseca](#), [IRI](#), [NAIFA](#), and [NAFA](#). The joint trades lawsuit challenged the entirety of the Rule.

In late July, preliminary court decisions were made regarding each lawsuit, placing a stay or hold on the original effective date of the new Rule. This stay/hold will remain in place until the courts review and make a final decision on the lawsuits filed. In the interim, the DOL can file an appeal within the next 60 days challenging the stay on the effective date or on the merits of this decision.

Where Do We Stand Today?

Until an appeal decision is made regarding the new Rule or until a final decision is made regarding the lawsuits filed, the current DOL Rule PTE 2020-02 remains in effect. This version of the Rule requires continued compliance with the five-part test definition, including the regular basis test, while also requiring the use of the current PTEs (PTE 84-24 and 2020-02), if applicable, when making covered recommendations and receiving a commission. The regular basis test may not apply when making life insurance or annuity recommendations. **Financial professionals should continue to document their records when recommending qualified life insurance or annuities.**

As news continues to unfold regarding the DOL Rule, Crump will remain active in communicating this information to our financial professionals. Any questions can continue to be submitted to marketconduct@crump.com.

Crump is here to help you understand today's complex regulatory landscape.



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