CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 18, 2017

H.R. 2823
Affordable Retirement Advice for Savers Act

As ordered reported by the House Committee on Education and the Workforce on July 19, 2017

H.R. 2823 would repeal regulations that are commonly referred to as the "fiduciary rule." Those regulations broaden the types of financial advice about pension and retirement plans that impose a fiduciary obligation on the advisor, which means that the advice must be in the sole interest of plan participants. The Department of Labor issued that rule on April 8, 2016. Parts of the rule became effective on June 9, 2017, and under current law, the rule takes full effect on January 1, 2018. H.R. 2823 would reinstate the previously existing regulations.

In addition, the bill would amend the prohibited transaction (or "self-dealing") rules applicable under the Internal Revenue Code and the Employee Retirement Income Security Act of 1974 to fiduciaries of employer-sponsored pension and retirement plans, individual retirement accounts, and health savings accounts. The bill would add a definition of investment advice that would be used to determine when a fiduciary relationship exists. The bill also would add a new statutory exemption related to investment advice that a fiduciary can provide to those tax-favored plans and accounts, plan participants, or beneficiaries. Among other provisions, H.R. 2823 would change requirements regarding disclosure of potential compensation accruing to the fiduciary or an affiliate.

The staff of the Joint Committee on Taxation (JCT) estimates that the bill would have a negligible effect on revenues for the period between 2017 and 2027. Because enacting H.R. 2823 would affect revenues, pay-as-you-go procedures apply. Enacting the bill would not affect direct spending.

CBO and JCT estimate that enacting H.R. 2823 would not increase net direct spending or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2028.

CBO and JCT have determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Noah Meyerson. The estimate was approved by Theresa Gullo, Assistant Director for Budget Analysis.