

**H.R. 2988, Protecting Prudent Investment of Retirement Savings Act**

As ordered reported by the House Committee on Education and Workforce on June 25, 2025

By Fiscal Year, Millions of Dollars	2025	2025-2030	2025-2035
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	0	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2036?	No	Statutory pay-as-you-go procedures apply? No	
		<b>Mandate Effects</b>	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2036?	No	Contains intergovernmental mandate? No	
		Contains private-sector mandate? Yes, Under Threshold	
* = between zero and \$500,000.			

H.R. 2988 would revise the standards that fiduciaries of private pension plans must apply to their investment decisions. Among other requirements, the bill would prohibit fiduciaries from prioritizing any objective other than maximizing beneficiaries' returns when they exercise shareholders' proxy rights. Plans would be required to provide information to participants who make self-directed investments through what are termed brokerage windows. The bill also would prohibit the consideration of factors such as race and sex in the hiring and retention of pension plan employees.

For this estimate, CBO assumes that the bill will be enacted by the end of calendar year 2025.

CBO and the staff of the Joint Committee on Taxation (JCT) estimate that enacting H.R. 2988 would not affect net direct spending or revenues over the 2025-2035 period. CBO estimates that implementing the bill would increase spending subject to appropriation by less than \$500,000 over the 2025-2030 period. Any related spending would be subject to the availability of appropriated funds.

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



### **Fiduciaries' Investment Standards**

H.R. 2988 would reinstate many provisions in a final rule published in November 2020 by the Employee Benefits Security Administration.<sup>1</sup> The bill would curtail pension plans' ability to apply environmental, social, or governance (commonly referred to as ESG) considerations to decisionmaking concerning plan investments. Under the Employee Retirement Income Security Act of 1974 (ERISA), fiduciaries of private-pension plans must base investment decisions on the interests of their participants. The November 2020 rule required fiduciaries to base decisions solely on pecuniary factors, but that rule included a "tiebreaker" standard, under which fiduciaries could consider other benefits if alternative investment options were not economically distinguishable.

In December 2022, the Department of Labor (DOL) issued a final rule that allows fiduciaries to consider environmental, social, and governance factors in their decisionmaking.<sup>2</sup> Under that rule, fiduciaries cannot subordinate the interests of participants and beneficiaries to other objectives and cannot sacrifice returns on investment or take on additional risk in investment.

A group of states and companies sued DOL arguing that the December 2022 rule is impermissible under ERISA. Although a lower court upheld that rule, DOL plans to issue a new rule on the subject that will reverse the December 2022 rule.

### **Proxy Voting**

H.R. 2988 would specify plans' obligations for proxy voting and direct fiduciaries to make investment decisions solely for the financial benefit of participants. The bill would reinstate many of the provisions in a final rule published by the Employee Benefits Security Administration in December 2020.<sup>3</sup>

### **Provide Information to Participants**

The bill would require pension plans to warn participants in brokerage windows about the risks associated with nonstandard investments. CBO and JCT do not expect that providing such information would significantly change participants' investment choices, and to the extent that choices did change under the bill, each agency expects an equally likely chance that small increases or decreases in federal outlays or revenues would result.

### **Employment Practices**

H.R. 2988 would require pension plans to hire employees and engage service providers without regard to race, color, religion, sex, or national origin.

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1. Employee Benefits Security Administration, "Financial Factors in Selecting Plan Investments," final rule, 85 *Fed. Reg.* 72846 (November 13, 2020), <https://tinyurl.com/ycy4nt84>.
  2. Employee Benefits Security Administration, "Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights," final rule, 87 *Fed. Reg.* 73822 (December 1, 2022), <https://tinyurl.com/ycxz46z7>.
  3. Employee Benefits Security Administration, "Fiduciary Duties Regarding Proxy Voting and Shareholder Rights," final rule, 85 *Fed. Reg.* 81658 (December 16, 2020), <https://tinyurl.com/yc72nu5m>.



## **Federal Costs**

Because fiduciaries are required to maximize investment performance, CBO and JCT do not expect that enacting the bill would substantially affect pension plans' investment outcomes. Projections of returns are inherently uncertain, but each agency expects that insignificant increases or decreases in federal outlays or revenues would stem from enacting the bill.

The December 2022 final rule may induce individual employers or workers to increase or decrease their pension contributions. Thus, enacting H.R. 2988 could affect federal revenues if contributions to tax-preferred plans changed. CBO and JCT project that total contributions will not change substantially, however, and thus estimate that there would be no effect on net direct spending or revenues under the bill. Premiums received by the Pension Benefit Guaranty Corporation also could be affected because they are based in part on plan assets. (Those amounts are recorded in the budget as offsetting collections—that is, as net reductions in direct spending outlays.)

Based on the costs of similar activities, CBO estimates that any administrative costs to implement H.R. 2988 would be insignificant. Any related spending would be subject to the availability of appropriated funds.

## **Mandates**

H.R. 2988 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) by requiring fiduciaries to act solely in the financial interests of beneficiaries when they exercise shareholders' proxy rights and by requiring pension plans that offer brokerage windows to warn participants of the risks associated with alternative investments.

CBO estimates that the cost to comply with H.R. 2988 would not exceed the annual threshold established in UMRA for private-sector mandates (\$206 million in 2025, adjusted annually for inflation).

H.R. 2988 contains no intergovernmental mandates as defined in UMRA.

CBO has not reviewed the nondiscrimination provisions of the bill for intergovernmental or private-sector mandates. Section 4 of UMRA excludes from the application of that act any legislative provisions that would establish or enforce statutory rights prohibiting discrimination. CBO has determined that the legislation falls within that exclusion because it would prohibit discrimination in hiring or retaining personnel based on race, color, religion, sex, or national origin.



The CBO staff contacts for this estimate are Noah Meyerson (for federal costs) and Andrew Laughlin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

A handwritten signature in black ink, appearing to read "Phillip Swagel". The signature is fluid and cursive, with a long, sweeping tail that curves to the right.

Phillip L. Swagel  
Director, Congressional Budget Office