

**Remarks on Efforts To Protect Retirement Security**

*October 31, 2023*

Thank you. Please—thank you, thank you, thank you.

Jo Ann, thanks for that introduction. I—you know, for all the good work you do at AARP and helping Americans achieve security—retire.

Look, Julie Su, our Acting Secretary of Labor—it's going to be hell when you're the full-time Secretary of Labor. You're doing such a great job as Acting—[*applause*—supporting an awful lot of American workers.

And to the advocates and policymakers here today, thank you for all you do to support the American families and protect hard-working Americans.

Folks, you've heard me say it before: I ran for President to make sure the economy works for everyone—at least gives everyone an equal shot—and to build an economy from the middle out and the bottom up. Because when that happens, everybody does well, rather than just the top down.

That's why I created a Competition Council to promote competition across the economy and to lower costs for families. And that's the end result.

You know, we're taking on what I—we call "junk fees." I remember having this discussion early on with the staff about, "Well, you sure people are interested?"

I can tell you what, when you come from a middle class family like I did, the thing that makes you the angriest is when you're taken advantage of. And I really mean it. [*Laughter*] Even if it's a little bit, it makes you angry as hell.

These junk fees are hidden charges that companies sneak into your bill to make you pay more just because they can. Junk fees—junk fees take real money out of pockets of Americans. And they add up to hundreds of dollars, weighing down family budgets and making it harder to pay the bills.

You know, there's a—they may not matter to the wealthy. I think they do matter to the wealthy, but—they may not matter to them, but they—but they matter to working families like the one I grew up in.

You know, the way I think about it is the way my dad talked about it and the way so many of you at home talk about it around your kitchen table: How much are your monthly bills? How much do you have to pay the—for those necessities, your monthly bills? And is there ever anything left over just to give you just a little of breathing room? Not a whole lot, just a little bit of breathing room.

Hidden junk fees make it even harder for families to have a little bit of that breathing room. That's why, over the past 2 years, my administration has taken steps to crack down on unfair and deceptive junk fees in banking, hotel costs, rental housing, cable, internet, concerts, airlines, health are.

You know, for example, my administration banned banks and credit unions from charging fees for basic services like checking your account balance. I love that one. [*Laughter*] You know, I got so damn mad when I found—anyway. [*Laughter*] Retrieving old bank records—that's really

hard to do, man. Or looking up your balance for your loan—on your loan. That's a killer, man. That—[laughter]—costs so much money for those banks.

But look, they charge up to \$30 for these services. And, you know, when you've bounced a few checks like I did, you know, when I was trying to get started, it—anyway. That's over. [Laughter] That's over.

We've taken—we—we've taken those fees. They're now illegal. You know, we've secured \$140 million in refunds for customers who were charged illegal junk fees by their banks. And it matters.

Just a few weeks ago, I announced our most competitive—comprehensive action ever, and that's eliminating junk fees in industries and sectors across the entire economy. You know, the Federal Trade Commission proposed a new rule to ban hidden fees that require companies to adopt "all-in upfront pricing."

I don't know why that's so—so hard to have to talk about: all-in upfront pricing. You know, you seem to—you should be able to know what you're paying for and how much you're going to have to pay for it. That's where companies fully disclose their fees upfront when you start shopping so there's no surprise at the end when you check out.

Research shows that, without realizing it, folks can end up paying 20 percent more because of hidden fees than they would have paid if they could have known upfront—upfront—and compare the price that they're about to pay for the other options that are available to them.

Now, thanks to actions we've taken, companies would have to show the full price from the start. That's good for customers, and I would argue it's good for honest businesses trying to do the right thing so they're not being outcompeted by folks who do the wrong thing.

And today we're taking additional action to eliminate junk fees in retirement savings.

Now, I would argue that most people—an awful lot of people—not the people in this room, but an awful lot of people don't think about that retirement when they're 20, 30, and 40 years old.

But here's what it means. Many Americans spend their whole lives working, putting every dime left at the end of the month into a retirement account so, after working hard for decades, they can retire with dignity and a little bit of security.

And many families get advice from financial advisers in doing that and—to help them out because they don't know. They don't know "annuity" from "sannuity." [Laughter] But I'm—but think—but think about it. All kidding aside, think about the average family.

Now, let me be clear about something. Most financial advisers give their clients good advice at a fair price and are honest with them.

But that's not always the case. Some advisers and brokers steer their clients toward certain investments not because it's the best interest of the client; because it means the best payout for the broker. I get it, understand it. But I just want you to know we're watching. [Laughter] To put it colloquially. [Laughter]

No, look, they're putting their self-interest ahead of their clients' best interest. And they're scamming Americans out of hard-earned money.

People should be able to trust that when they get advice from a so-called expert, they're getting real help, not getting ripped off. A little like going to your doctor—anyway. I'll get—won't get into this—[laughter]—because it makes me frustrated when I do.

Look, when a person pays for trusted advice and it comes with a hidden cost, that's what I call a junk fee. And I think it's wrong. I think it's wrong.

Let me give you just one example. Millions of Americans have investments in so-called annuities in their retirement accounts. Annuities are supposed to work like a pension plan. You might buy with one—you might buy one with a one-time payment, and then when you retire, you get the sum of—same amount of money back after—year after year.

Now how—that's how it's supposed to work. And when advice is sound, many annuities can be steady, reliable sources of retirement income, much like Social Security—the same principle.

But when the advice is self-serving, annuities drain peoples' savings and deliver much less than is expected by the—by that person. And they can be unclear and confusing.

Look, the fine print can be filled with hidden fees. They cost too much; they don't pay much back. But some brokers sell bad annuities because these brokers get big commissions when they amount—that amount to thousands of dollars over time. They're going into the broker's pocket instead of the client's pocket—the money is going in.

Right now millions of Americans, especially seniors, are being targeted by financial advice and insurance brokers selling bad annuities to—that work for the broker, not for the client. And I'm not saying all brokers; I'm just saying some.

All told, bad financial advice, peddled by unscrupulous financial advisers driven by their own self-interest, can cost a person—a retiree up to 1.2 percent per year in lost investment. That doesn't sound like much, but if you're living long, it's a lot of money. Over a lifetime, that can add up to 20 percent less money when they retire. For a middle class household, that can amount to tens of thousands of dollars over time.

Imagine the difference the money would make for retired families all across America if that wasn't the case.

So, here's what my administration is doing to protect seniors from this kind of financial fraud. Today the Department of Labor is proposing a new rule, meaning that when you pay someone for retirement advice, they must give you advice that's in your best interest, not whether it gets them the best payday.

To use this technical term, all financial advisers giving retirement advice or selling retirement products would now have to have a "fiduciary duty" to their clients. Most people think there is that fiduciary duty already.

As you may know, many financial advisers already have that duty thanks to the law passed in the 1970s called the Employment Retirement Income Security Act, known as ERISA. Now, you say people have—ERISA, they look at you like, "What are you talking about?" *[Laughter]* Like almost all the acronyms we use in the Federal Government. *[Laughter]*

But that law cracked down on conflicts of interest that protect regular folks from being misled or exploited.

But a lot has changed with retirement savings over those last—since that law was passed 50 years ago. Back then, more workers had traditional pensions, IRAs were brand new, and 401(k)s didn't even exist.

Things are different now, but the rules haven't caught up. The SEC has done good work to update consumer protections, but big loopholes still remain—for example, regarding the sale of annuities.

With this new rule that we're proposing, they would close these loopholes. It finalizes any financial—it penalizes any financial adviser or insurance broker who—giving advice about retirement or selling retirement products, and it suggests if they don't give their client the best—act in the best interests of that client in the first place. If they don't, if they breach their fiduciary

duty, they could face serious penalties, including having to pay restitution and additional financial penalties.

The action we're taking today is, I believe, long overdue. If this rule is finalized as proposed, it's going to protect workers and it's going to save for—that are saving for their retirements.

It will protect seniors from being exploited. It will protect many trustworthy financial advisers out there who are doing the right thing from unfair competition. Now they won't be undercut by competitors willing to use deception or underhanded tactics to make a profit.

Look, the bottom line is, this is about basic fairness. People are tired of being played for suckers. And my administration is going to continue to crack down on junk fees across the economy to protect consumers, promote competition, and give families across the country, as my dad would say, "just a little bit of breathing room."

Let me close with this.

When I ran for President, I promised we would not continue the trickle-down economics of the past. Not a whole lot trickled down to my dad's kitchen table, as I recall. *[Laughter]*

No, I'm serious. My dad worked like hell. My—we lived in a—we were a typical middle class family, and we lived in a development of rural—you know, when—the—when cities were expanding and people were moving out of the farm areas, we lived in a development of 35 homes—split-level homes. And we had a three-bedroom home with a—with four kids and a grandpop living with us. The walls were thin. *[Laughter]* I wondered how my mom and dad got through it when I look back on it.

But all kidding aside—*[laughter]*—there wasn't a whole lot that trickled down to my dad's kitchen table, and my dad worked like hell.

You know, it represented the moment we walked away from how this country was built when we got into the trickle-down theories. I believe every American willing to work hard should be able to achieve the American Dream no matter where they live.

The steps we're taking today and everything else we've done to clamp down on junk fees and restore basic fairness in our economy is part of a larger vision for our country that I think we all share, whether you think the way I'm doing it is correct or not, but I think we share the vision: to build an economy from the middle out and the bottom up instead of the top down.

And I'll say it again: When that happens, the wealthy still do very, very well—very well. And we all do well.

The economy we're building is what—is designed to make it fair for everybody. And that's why I can honestly say I've never been more optimistic about America's future. We just have to remember who we are. We are the United States of America.

I mean this—think about this. There is nothing beyond our capacity when we work together. I mean, nothing.

So this is just one more effort to eliminate something that's unfair for ordinary people, not working for them. It doesn't hurt anybody. And it actually increases competition. It doesn't diminish it.

So that's all I've got to say. *[Laughter]*

May God bless you all. Thank you.

NOTE: The President spoke at 4:04 p.m. in the State Dining Room at the White House. In his remarks, he referred to Jo Ann Jenkins, chief executive officer, AARP. He also referred to his sister Valerie Biden Owens and brothers James B. and Francis W. Biden.

*Categories:* Addresses and Remarks : Retirement security, efforts to protect.

*Locations:* Washington, DC.

*Names:* Biden, Francis W.; Biden, James B.; Jenkins, Jo Ann; Owens, Valerie Biden; Su, Julie A.

*Subjects:* Acting Secretary of Labor; Business competition and pricing, improvement efforts; Economic improvement; Federal Trade Commission; Financial regulations, strengthening efforts; Household income and wages; Junk fees imposed on consumers, prevention efforts; Pensions and retirement accounts, strengthening efforts; Retirement savings and pension programs, protection efforts.

*DCPD Number:* DCPD202300953.