IB

Union Calendar No. 367

119TH CONGRESS
1ST SESSION

H. R. 2988

[Report No. 119–421]

To amend the Employee Retirement Income Security Act of 1974 to specify requirements concerning the consideration of pecuniary and non-pecuniary factors, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2025

Mr. ALLEN introduced the following bill; which was referred to the Committee on Education and Workforce

DECEMBER 30, 2025

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on April 24, 2025]

A BILL

To amend the Employee Retirement Income Security Act of 1974 to specify requirements concerning the consideration of pecuniary and non-pecuniary factors, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Protecting Prudent Investment of Retirement Savings Act".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

DIVISION A—INCREASE RETIREMENT EARNINGS

Sec. 1001. Short title.
Sec. 1002. Limitation on consideration of non-pecuniary factors by fiduciaries.

DIVISION B—NO DISCRIMINATION IN MY BENEFITS

Sec. 2001. Short title.
Sec. 2002. Service provider selection.

DIVISION C—RETIREMENT PROXY PROTECTION

Sec. 3001. Short title.
Sec. 3002. Exercise of shareholder rights.

DIVISION D—PROVIDING COMPLETE INFORMATION TO RETIREMENT INVESTORS

Sec. 4001. Short title.
Sec. 4002. Brokerage window disclosures.

DIVISION A—INCREASE RETIREMENT EARNINGS

SEC. 1001. SHORT TITLE.

This division may be cited as the "Increase Retirement Earnings Act".

SEC. 1002. LIMITATION ON CONSIDERATION OF NON-PECUNIARY FACTORS BY FIDUCIARIES.

(a) IN GENERAL.—Section 404(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)) is amended by adding at the end the following:

"(3) INTEREST BASED ON PECUNIARY FACTORS.—

"(A) IN GENERAL.—For purposes of paragraph (1), a fiduciary shall be considered to act solely in the interest of the participants and beneficiaries of the plan with respect to an investment or investment course of action only if the fiduciary's action with respect to such investment or investment course of action is based solely on pecuniary factors (except as provided in subparagraph (B)). The fiduciary may not subordinate the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan to other objectives and may not sacrifice investment return or take on additional investment risk to promote non-pecuniary benefits or goals. The weight given to any pecuniary factor by a fiduciary shall reflect a prudent assessment of the impact of such factor on risk and return.

"(B) USE OF NON-PECUNIARY FACTORS FOR INVESTMENT ALTERNATIVES.—Notwithstanding paragraph (A), if a fiduciary is unable to distinguish between or among investment alternatives or investment

courses of action on the basis of pecuniary factors alone, the fiduciary may use non-pecuniary factors as the deciding factor if the fiduciary documents—

"(i) why pecuniary factors were not sufficient to select a plan investment or investment course of action;

"(ii) how the selected investment compares to the alternative investments with regard to the composition of the portfolio with regard to diversification, the liquidity and current return of the portfolio relative to the anticipated cash flow requirements of the plan, and the projected return of the portfolio relative to the funding objectives of the plan; and

"(iii) how the selected non-pecuniary factor or factors are consistent with the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan.

"(C) INVESTMENT ALTERNATIVES FOR PARTICIPANT-DIRECTED INDIVIDUAL ACCOUNT PLANS.—In selecting or retaining investment options for a pension plan described in subsection (c)(1)(A), a fiduciary is not prohibited from considering, selecting, or retaining an investment option on the basis that such in-

vestment option promotes, seeks, or supports one or more non-pecuniary benefits or goals, if—

"(i) the fiduciary satisfies the requirements of paragraph (1) and subparagraphs (A) and (B) of this paragraph in selecting or retaining any such investment option; and

"(ii) such investment option is not added or retained as, or included as a component of, a default investment under subsection (c)(5) (or any other default investment alternative) if its investment objectives or goals or its principal investment strategies include, consider, or indicate the use of one or more non-pecuniary factors.

"(D) DEFINITIONS.—For the purposes of this paragraph:

"(i) The term 'pecuniary factor' means a factor that a fiduciary prudently determines is expected to have a material effect on the risk or return of an investment based on appropriate investment horizons consistent with the plan's investment objectives and the funding policy established pursuant to section 402(b)(1).

"(ii) The term 'investment course of action' means any series or program of investments or actions related to a fiduciary's performance of

the fiduciary's investment duties, and includes the selection of an investment fund as a plan investment, or in the case of an individual account plan, a designated investment alternative under the plan.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to actions taken by a fiduciary on or after the date that is 12 months after the date of enactment of this Act.

DIVISION B—NO DISCRIMINATION IN MY BENEFITS

SEC. 2001. SHORT TITLE.

This division may be cited as the "No Discrimination in My Benefits Act".

SEC. 2002. SERVICE PROVIDER SELECTION.

Section 404(a)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)(1)) is amended—

(1) in subparagraph (C), by striking "and";

(2) in subparagraph (D), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following new subparagraph:

"(E) by selecting, monitoring, and retaining any fiduciary, counsel, employee, or service provider of the plan—

"(i) in accordance with subparagraphs (A) and (B); and

"(ii) without regard to race, color, religion, sex, or national origin.".

DIVISION C—RETIREMENT PROXY PROTECTION

SEC. 3001. SHORT TITLE.

This division may be cited as the "Retirement Proxy Protection Act".

SEC. 3002. EXERCISE OF SHAREHOLDER RIGHTS.

(a) IN GENERAL.—Section 404 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104) is amended by adding at the end the following new subsection:

"(f) EXERCISE OF SHAREHOLDER RIGHTS.—

"(1) AUTHORITY TO EXERCISE SHAREHOLDER RIGHTS.—

"(A) IN GENERAL.—The fiduciary duty to manage plan assets that are shares of stock includes the management of shareholder rights appurtenant to those shares, including the right to vote proxies. When deciding whether to exercise a shareholder right and in exercising such right, including the voting of proxies, a fiduciary must act prudently and solely in the interests of participants and beneficiaries and for the exclusive

purpose of providing benefits to participants and beneficiaries and defraying the reasonable expenses of administering the plan. The fiduciary duty to manage shareholder rights appurtenant to shares of stock does not require the voting of every proxy or the exercise of every shareholder right.

"(B) EXCEPTION.—This subsection shall not apply to voting, tender, and similar rights with respect to qualifying employer securities or securities held in an investment arrangement that is not a designated investment alternative in the event such rights are passed through pursuant to the terms of an individual account plan to participants and beneficiaries with accounts holding such securities.

"(2) REQUIREMENTS FOR EXERCISE OF SHAREHOLDER RIGHTS.—A fiduciary, when deciding whether to exercise a shareholder right and when exercising a shareholder right—

"(A) shall—

"(i) act solely in accordance with the economic interest of the plan and its participants and beneficiaries;

"(ii) consider any costs involved;

"(iii) evaluate material facts that form the basis for any particular proxy vote or exercise of shareholder rights; and

"(iv) maintain a record of any proxy vote, proxy voting activity, or other exercise of a shareholder right, including any attempt to influence management; and

"(B) shall not subordinate the interests of participants and beneficiaries in their retirement income or financial benefits under the plan to any non-pecuniary objective, or promote non-pecuniary benefits or goals unrelated to those financial interests of the plan's participants and beneficiaries.

"(3) MONITORING.—A fiduciary shall exercise prudence and diligence in the selection and monitoring of a person, if any, selected to advise or otherwise assist with the exercise of shareholder rights, including by providing research and analysis, recommendations on exercise of proxy voting or other shareholder rights, administrative services with respect to voting proxies, and recordkeeping and reporting services.

"(4) INVESTMENT MANAGERS AND PROXY ADVISORY FIRMS.—Where the authority to vote proxies or

exercise other shareholder rights has been delegated to an investment manager pursuant to section 403(a), or a proxy voting advisory firm or other person who performs advisory services as to the voting of proxies or the exercise of other shareholder rights, a responsible plan fiduciary shall prudently monitor the proxy voting activities of such investment manager or advisory firm and determine whether such activities are in compliance with paragraphs (1) and (2).

"(5) VOTING POLICIES.—

"(A) IN GENERAL.—In deciding whether to vote a proxy pursuant to this subsection, the plan fiduciary may adopt a proxy voting policy, including a safe harbor proxy voting policy described in subparagraph (B), providing that the authority to vote a proxy shall be exercised pursuant to specific parameters designed to serve the economic interest of the plan.

"(B) SAFE HARBOR VOTING POLICY.—With respect to a decision not to vote a proxy, a fiduciary shall satisfy the fiduciary responsibilities under this subsection if such fiduciary adopts and follows a safe harbor proxy voting policy that—

"(i) limits voting resources to particular types of proposals that the fiduciary has prudently determined are substantially related to the business activities of the issuer or are expected to have a material effect on the value of the plan investment; or

"(ii) establishes that the fiduciary will refrain from voting on proposals or particular types of proposals when the assets of a plan invested in the issuer relative to the total assets of such plan are below 5 percent (or, in the event such assets are under management, when the assets under management invested in the issuer are below 5 percent of the total assets under management).

"(C) Exception.—No proxy voting policy adopted pursuant to this paragraph shall preclude a fiduciary from submitting a proxy vote when the fiduciary determines that the matter being voted on is expected to have a material economic effect on the investment performance of a plan's portfolio (or the investment performance of assets under management in the case of an investment manager); provided, however, that in all cases compliance with a safe harbor voting

policy shall be presumed to satisfy fiduciary responsibilities with respect to decisions not to vote.

"(6) REVIEW.—A fiduciary shall periodically review any policy adopted under this subsection.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to an exercise of shareholder rights occurring on or after January 1, 2026.

DIVISION D—PROVIDING COMPLETE INFORMATION TO RETIREMENT INVESTORS

SEC. 4001. SHORT TITLE.

This division may be cited as the "Providing Complete Information to Retirement Investors Act".

SEC. 4002. BROKERAGE WINDOW DISCLOSURES.

(a) IN GENERAL.—Section 404(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)) is amended by adding at the end the following new paragraph:

"(7) NOTICE REQUIREMENTS FOR BROKERAGE WINDOWS.—

"(A) IN GENERAL.—In the case of a pension plan which provides for individual accounts and which provides a participant or beneficiary the opportunity to choose from designated invest-

ment alternatives, a participant or beneficiary shall not be treated as exercising control over assets in the account of the participant or beneficiary unless, with respect to any investment arrangement that is not a designated investment alternative, each time before such a participant or beneficiary directs an investment into, out of, or within such investment arrangement, such participant is notified of, and acknowledges, each element of the notice described under paragraph (B).

"(B) NOTICE.—The notice described under this paragraph is a four part information that is substantially similar to the following information:

"1. Your retirement plan offers designated investment alternatives prudently selected and monitored by fiduciaries for the purpose of enabling you to construct an appropriate retirement savings portfolio. In selecting and monitoring designated investment alternatives, your plan's fiduciary considers the risk of loss and the opportunity for gain (or other return) compared with reasonably available investment alternatives.

2. The investments available through this investment arrangement are not designated investment alternatives, and have not been prudently selected and are not monitored by a plan fiduciary.

3. Depending on the investments you select through this investment arrangement, you may experience diminished returns, higher fees, and higher risk than if you select from the plan's designated investment alternatives.

4. The following is a hypothetical illustration of the impact of return at 4 percent, 6 percent, and 8 percent on your account balance projected to age 67.

"(C) ILLUSTRATION.—The notice described under paragraph (B) shall also include a graph displaying the projected retirement balances of

such participant or beneficiary at age 67 if the account of such individual were to achieve an annual return equal to each of the following:

“(i) 4 percent.

“(ii) 6 percent.

“(iii) 8 percent.”.

(b) DESIGNATED INVESTMENT ALTERNATIVE DEFINED.—Section 3 of such Act (29 U.S.C. 1002) is amended by adding at the end the following new paragraph:

“(46) DESIGNATED INVESTMENT ALTERNATIVE.—

“(A) IN GENERAL.—The term ‘designated investment alternative’ means any investment alternative designated by a responsible fiduciary of an individual account plan described in subsection 404(c) into which participants and beneficiaries may direct the investment of assets held in, or contributed to, their individual accounts.

“(B) EXCEPTION.—The term ‘designated investment alternative’ does not include brokerage windows, self-directed brokerage accounts, or similar plan arrangements that enable participants and beneficiaries to select investments beyond those designated by a responsible plan fiduciary.”.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2027.

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