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# Retirement Savings Draw U.S. Consumer Bureau's Attention

By Carter Dougherty January 18, 2013

The U.S. Consumer Financial Protection Bureau is weighing whether it should take on a role in helping Americans manage the $19.4 trillion they have put into retirement savings, a move that would be the agency's first foray into consumer investments.

"That's one of the things we've been exploring and are interested in in terms of whether and what authority we have," bureau director Richard Cordray said in an interview. He didn't provide additional details.

The bureau's core concern is that many Americans, notably those from the retiring Baby Boom generation, may fall prey to financial scams, according to three people briefed on the CFPB's deliberations who asked not to be named because the matter is still under discussion.

The retirement savings business in the U.S. is dominated by a group of companies that handle record-keeping and management of investments in tax-advantaged vehicles like 401(k) plans and individual retirement accounts. The group includes Fidelity Investments, JPMorgan Chase & Co. (JPM), Charles Schwab Corp. (SCHW) and T. Rowe Price Group Inc. (TROW) Americans held $19.4 trillion in retirement assets as of Sept. 30, 2012, according to the Investment Company Institute, an industry association; about $3.5 trillion of that was in 401(k) plans.

The Securities and Exchange Commission and the Department of Labor are the main regulators of U.S. retirement savings vehicles and funds. However, the consumer bureau -- established by the 2010 Dodd-Frank Act -- sees itself as a potential catalyst for promoting a coherent policy across the government, the people said.

Rollover 'Moment'

With large numbers of Americans heading toward retirement in the coming decade, the CFPB has referred internally to this concept as "the rollover moment," the people said.

Mark Calabria, director of financial regulation studies at the Cato Institute, a research group that promotes free markets, said that while Dodd-Frank didn't specifically give the consumer bureau jurisdiction over investments, it could step in if the other agencies don't.

“I could imagine the CFPB growing into a role on investment savings if it seems like the SEC is asleep at the wheel,” Calabria said in an interview.

The bureau could claim jurisdiction through its Office for Older Americans, which was established by Dodd-Frank with a mandate to improve financial literacy. It is run by Hubert H. Humphrey III, the former attorney general of Minnesota.

The retirement savings industry generally has little to do with the CFPB because the SEC is the main investment regulator, said Ianthe Zabel, an ICI spokeswoman. She declined further comment on the CFPB plans.

Credit Products

The agency officially began work in July 2011 and has focused much of its attention so far on consumer credit products, including credit cards and mortgages. In coming months, the agency is expected to turn their focus to short-term credit products including prepaid debit cards, bank overdraft fees and payday lending.

Longer-term, in addition to focusing on retirement savings, the bureau is studying mobile payments and the plight of Americans whose credit was damaged during the financial crisis, a group officials refer to as “the new subprime.”

“It may be because of things they did and it may just be because they suffered,” Cordray said in the interview. “You know if you lose your home because the rest of your block is foreclosed on, your credit history is affected.”