



# ADVANCING AMERICAN FREEDOM

## Protect Americans' Savings from Ideological Embezzlement Support the Braun/Barr CRA Resolution on ESG

February 7, 2023

To Members of Congress:

Each year, millions of new Americans retire from their jobs. Most of these retirees will have spent decades working hard to save as much money as they are able in order to sustain them through a decade or more of retirement. The savings these Americans rely on are often managed by employer-sponsored plans (such as 401ks), for which the federal government established minimum standards and safeguards in the Employee Retirement Income Security Act of 1974 (ERISA).

A pernicious practice known as Environmental, Social, and Governance (ESG) investing has emerged over the past several decades. Rather than prioritize the financial well-being and stability of retirees, ESG seeks to advance ideological goals related to environmental policy and other divisive subjects. While it is a tenet of a free society that people ought to be able to use their own money as they see fit (including to advance their own particular priorities), ESG is a misappropriation of retirees' savings by money managers for their own political agendas. Most Americans think it's a bad idea for companies to use their financial influence to advance a political or social agenda, as is the case in ESG investing.<sup>1</sup>

Forcing Americans into ESG investment is not only politically inappropriate, it is also financially irresponsible. According to research from the University of Chicago, mutual funds scoring highly on ESG factors are constantly outperformed by funds rated lowest for ESG.<sup>2</sup> Moreover, 85 percent of the country does not even know what "ESG" is, and therefore would not be aware of the financial risks their retirement account managers are subjecting them to when they actively pursue ESG investment decisions.<sup>3</sup>

Under the Trump-Pence administration, the U.S. government protected retirees from this kind of abuse by issuing a rule clarifying that, under ERISA, the managers of retirement funds could not engage in ESG investment if it would have a negative impact on retirees' savings or expose them to additional risks ("Financial Factors in Selecting Plan Investments").

Tragically, on November 22, 2022, the Biden administration chose to undermine the Trump-Pence safeguards by issuing their own ERISA rule that would make it easier for retirement fund managers to imperil retirees' savings. With 22 percent of Americans set to be relying upon their retirement savings and benefits in 2050, this policy of misappropriation cannot be allowed to stand.

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<sup>1</sup> "Daily Wire - ESG Survey," Echelon Insights, Accessed January 4, 2023, <http://echeloninsights.com/wp-content/uploads/Daily-Wire-May-2022-ESG-Survey-Topline.pdf>.

<sup>2</sup> Sanjai Bhagat, "An Inconvenient Truth About ESG Investing," Harvard Business Review, March 31, 2022, <https://hbr.org/2022/03/an-inconvenient-truth-about-esg-investing>.

<sup>3</sup> "ESG Monitor 2022," SEC Newgate, Accessed January 4, 2023, [https://globalstrategygroup.com/wp-content/uploads/2012/07/SEC-Newgate-ESG-Monitor-2022\\_Final.pdf](https://globalstrategygroup.com/wp-content/uploads/2012/07/SEC-Newgate-ESG-Monitor-2022_Final.pdf).

Fortunately, Congress can overturn the Biden administration’s dangerous ESG rule through the Congressional Review Act (CRA). Under the CRA, the new Congress can review and disapprove of rules issued in the last 60 days of the previous Congress. There is a limited lookback period authorized under the CRA, so it is critical that Congress act quickly.

Today, Senator Mike Braun and Representative Andy Barr introduced joint resolutions which would block Biden’s ERISA rule and protect Americans from dangerous investment management practices. We, the undersigned organizations and officials, are calling on every member of the United States Congress to support these resolutions and stop Biden’s ideological embezzling of Americans’ retirement accounts.

Sincerely,



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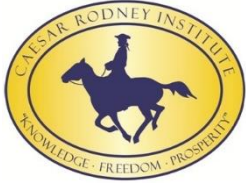
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