

Investment Freedom Act

Section 1: Short Title

This Act may be cited as the "Investment Freedom Act."

Section 2: Purpose and Findings

(a) Purpose: The purpose of this Act is to protect retail investors' retirement and investment accounts by ensuring that asset managers prioritize financial returns over non-pecuniary factors when making investment decisions on behalf of their clients.

(b) Findings: Congress finds that there is a growing trend among investment advisers and ERISA retirement plan sponsors to prioritize environmental, social goals, and corporate governance factors ahead of maximizing returns for investors. While these goals are important, it is essential to strike a balance that safeguards the financial interests of investors, particularly those saving for retirement.

Section 3: Priority of Financial Returns

(a) Investment Advisers: Investment advisers registered under the Investment Advisers Act of 1940 shall be required to prioritize financial returns over non-pecuniary factors when making investment decisions on behalf of their clients.

(b) ERISA Retirement Plan Sponsors: Sponsors of Employee Retirement Income Security Act (ERISA) retirement plans shall be required to prioritize financial returns over non-pecuniary factors when selecting investment options for their plan participants, provided that such investments comply with the fiduciary duties outlined in ERISA.

Section 4: Non-Interference with Fiduciary Duties

Nothing in this Act shall be construed to relieve investment advisers or ERISA retirement plan sponsors of their fiduciary duties to act in the best interests of their clients and plan participants. Investment advisers and plan sponsors shall continue to fulfill all fiduciary obligations as required by law.

Section 5: Reporting and Compliance

(a) The Securities and Exchange Commission (SEC) shall promulgate rules and regulations necessary to implement the provisions of this Act, including reporting requirements and compliance mechanisms.

(b) Investment advisers and ERISA retirement plan sponsors shall annually disclose their compliance with this Act to the SEC and the Department of Labor, respectively.

Section 6: Enforcement

(a) Violations of this Act by investment advisers shall be subject to enforcement actions by the SEC, including fines, penalties, and regulatory sanctions.

(b) Violations of this Act by ERISA retirement plan sponsors shall be subject to enforcement actions by the Department of Labor, including fines, penalties, and potential disqualification from serving as plan sponsors.

Section 7: Effective Date

This Act shall take effect 180 days after its enactment.