

The Review of Financial Studies

Conflicting Interests and the Effect of Fiduciary Duty: Evidence from Variable Annuities

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We examine the variable annuity market to study conflicting fiduciary duty in brokerage markets. Insurers typically sell more expensive annuities. Our results indicate that brokers' interests as to investors' proposed a rule in 2016 holding brokers to a higher standard of care. Based on our structural estimates, we find that the sales of high-expense products fell by 14% (D14, D18, G22) in 2016. (Egan, Ge, and Tang, 2020; editorial review, 2020; published an Internet Archive link to the working paper on 11/11/2020)

2023 TIAA Paul A. Samuelson Award

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2023 winning submission

"Conflicting Interests and the Effect of Fiduciary Duty: Evidence from Variable Annuities"

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This landmark study examines the decline of high-expense variable annuities subsequent to the Department of Labor's 2016 Fiduciary Rule. After a proposed rule in 2016 holding brokers to a fiduciary standard, sales of such products fell by 52% as brokers became more sensitive to expenses—to the benefit of consumers.



2023 panel of distinguished judges

James Choi
Yale University

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Colorado State University

Stijn van Nieuwerburgh
Columbia Business School

Camelia Kuhnen
University of North Carolina at Chapel Hill

Sita Slavov
George Mason University

Previous winners

2022

Adam Leive, University of California, Berkeley, “Health Insurance Design Meets Saving Incentives: Consumer Responses to Complex Contracts” (*American Economic Journal: Applied Economics*, 2022)

2021

Peter Ganong, The University of Chicago; Pascal Noel, The University of Chicago, “Liquidity versus Wealth in Household Debt Obligations: Evidence from Housing Policy in the Great Recession” (*American Economic Review*, 2020)

2020

Ralph S.J. Koijen, The University of Chicago; Stijn G. Van Nieuwerburgh, Columbia University, “Combining Life and Health Insurance” (*The Quarterly Journal of Economics*, 2020)

2019

Lee M. Lockwood, University of Virginia, “Incidental Bequests and the Choice to Self-Insure Late-Life Risks” (*American Economic Review*, 2018)

2018

David C. Brown, University of Arizona; Scott Cederburg, University of Arizona; Michael S. O’Doherty, University of Missouri, “Tax Uncertainty and Retirement Savings Diversification” (*Journal of Financial Economics*, 2017)

2017

John Beshears, Harvard University and NBER; James J. Choi, Yale University and NBER; David I. Laibson, Harvard University and NBER; Brigitte C. Madrian, Harvard University and NBER, “Does Aggregated Returns Disclosure Increase Portfolio Risk Taking?” (*The Review of Financial Studies*, 2017)

2016

Felix Reichling, Congressional Budget Office; Kent Smetters, The Wharton School of the University of Pennsylvania, “Optimal Annuitization with Stochastic Mortality and Correlated Medical Costs” (*The American Economic Review*, 2015)

2015

Raj Chetty, Stanford University and NBER; John N. Friedman, Brown University and NBER; Søren Leth-Petersen, University of Copenhagen and CEPR; Torben Heien Nielsen, University of Copenhagen; Tore Olsen, University of Copenhagen and NBER, “Active vs. Passive Decisions and Crowd-Out in Retirement Savings Accounts: Evidence from Denmark” (*Quarterly Journal of Economics*, 2014)

2014

C. Eugene Steuerle, Richard B. Fisher Chair, Urban Institute, *Dead Men Ruling: How to Restore Fiscal Freedom and Rescue Our Future* (The Century Foundation Press, 2014)

2013

John Chalmers, University of Oregon; Jonathan Reuter, Carroll School of Management, Boston College, “How Do Retirees Value Life Annuities? Evidence from Public Employees” (*Review of Financial Studies*, 2012)

2012

Sylvester J. Schieber, Former Chair, Social Security Advisory Board, *The Predictable Surprise: The Unraveling of the U.S. Retirement System* (Oxford University Press, 2012)

2011

James J. Choi, Yale School of Management; David I. Laibson, Harvard University, Department of Economics; Brigitte C. Madrian, Harvard University, John F. Kennedy School of Government, “Why Does the Law of One Price Fail? An Experiment on Index Mutual Funds” (*Review of Financial Studies*, 2010)

2010

Carmen M. Reinhart, Peterson Institute for International Economics, Washington, D.C.; Kenneth S. Rogoff, Harvard University, *This Time is Different—Eight Centuries of Financial Folly* (Princeton University Press, 2009)

2009

George A. Akerlof, University of California, Berkeley; Robert J. Shiller, Yale University, *Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism* (Princeton University Press, 2009)

2008

Jeffrey R. Brown, University of Illinois at Urbana-Champaign; Amy Finkelstein, Massachusetts Institute of Technology, “The Interaction of Public and Private Insurance: Medicaid and the Long-Term Care Insurance Market” (*American Economic Review*, 2008)

2007

John Karl Scholz, University of Wisconsin–Madison; Ananth Seshadri, University of Wisconsin–Madison; Surachai Khitatrakun, The Urban Institute, “Are Americans Saving ‘Optimally’ for Retirement?” (*Journal of Political Economy*, 2006)

2006

Mark Aguiar, University of Rochester; Erik Hurst, University of Chicago, Graduate School of Business, “Consumption versus Expenditure” (*Journal of Political Economy*, 2005)

2005

Shlomo Benartzi, University of California, Los Angeles; Richard H. Thaler, University of Chicago, “Save More Tomorrow: Using Behavioral Economics to Increase Employee Saving” (*Journal of Political Economy*, 2004)

Jonathan B. Berk, University of California, Berkeley; Richard C. Green, Carnegie Mellon University, “Mutual Fund Flows and Performance in Rational Markets” (*Journal of Political Economy*, 2004)

2004

Chester Spatt, Carnegie Mellon University; Robert Dammon, Carnegie Mellon University; Harold Zhang, University of Texas at Dallas, “Optimal Asset Location and Allocation with Taxable and Tax-deferred Investments” (*Journal of Finance*, 2004)

2003

Peter A. Diamond, Massachusetts Institute of Technology, *Taxation, Incomplete Markets, and Social Security* (Brookings Institution Press, 2002)

2002

John Y. Campbell, Harvard University; Luis M. Viceira, Harvard University, *Strategic Asset Allocation: Portfolio Choice for Long-term Investors* (Oxford University Press, 2002)

Brigitte C. Madrian, University of Pennsylvania; Dennis F. Shea, Aetna, Inc., “The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior” (*The Quarterly Journal of Economics*, 2001)

2001

John Cochrane, University of Chicago, *Asset Pricing* (Princeton University Press, 2001)

Christian Gollier, University of Toulouse, *The Economics of Risk and Time* (The MIT Press, 2001)

2000

Nicholas Barberis, University of Chicago, “Investing for the Long Run When Returns Are Predictable” (*Journal of Finance*, 2000)

1999

John Geanakoplos, Yale University; Olivia S. Mitchell, University of Pennsylvania; Stephen P. Zeldes, Columbia University, *Prospects for Social Security Reform* (University of Pennsylvania Press, 1999)

1998

Dora L. Costa, Massachusetts Institute of Technology, *The Evolution of Retirement: An American Economic History 1880—1890* (University of Chicago Press, 1998)

1997

John Y. Campbell, Harvard University; Andrew W. Lo, Massachusetts Institute of Technology; A. Craig MacKinlay, University of Pennsylvania, *The Econometrics of Financial Markets* (Princeton University Press, 1996)

1996

Robert J. Shiller, Yale University, *Macro Markets: Creating Institutions for Managing Society's Largest Risks* (Oxford University Press, 1993)

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