

SEC Enforcement Case Summary Undisclosed Conflicts from Payment of Incentive Compensation

On April 25, 2025, the Securities and Exchange Commission (**SEC**) charged registered investment adviser Transamerica Retirement Advisors, LLC for breaching its fiduciary duty to certain of its advisory clients by failing to disclose conflicts of interest created by paying incentive compensation to its investment advisor representatives in connection with the rollover of retirement assets to advisory accounts. The firm is a wholly-owned subsidiary of Transamerica Retirement Solutions, LLC, a firm that contracts with employers to provide recordkeeping and administrative services for employer-sponsored retirement plans. The adviser offered investment education and managed account services to participants of approximately 9,400 employer-sponsored retirement plans with approximately 1.5 million participants in connection with recordkeeping services provided to these plans by its parent.

According to the SEC order, starting in June 2017, the firm paid incentive compensation to its retirement planning consultants for referring employer plan participants to its investment advisor representatives in its Transamerica Advice Center (**TAC Advisors**). TAC Advisors would consider whether to rollover plan assets into advisory accounts. Also in June 2017, the adviser began paying incentive compensation to its TAC Advisors when those participants rolled over their assets into advisory accounts. The SEC's order noted that the firm did not start disclosing the conflicts of interest created by paying incentive compensation to its investment advisor representatives in connection with rollovers until February 2022. Instead, in years prior to 2022, Respondent made limited conflict disclosures regarding incentives it "may" provide its advisors, which were misleading in light of the incentive compensation firm was actually paying its retirement consultants and TAC Advisors concerning rollovers of employer plan participants' assets.

The SEC noted that retirement consultants referred approximately 38,000 employer plan participants to TAC Advisors, and approximately 7,300 of these participants rolled over \$1.2 billion of employer plan assets into advisory accounts, resulting in additional revenue of approximately \$12 million for the firm during the relevant period. The SEC faulted the firm for failing to implement written policies and procedures reasonably designed to prevent violations of the Investment Advisers Act of 1940 (**Advisers Act**) and the rules thereunder in connection with disclosure of conflicts of interest presented by its incentive compensation plans for retirement consultants and TAC Advisors. The order noted that in 2017, the firm's policies and procedures did not require an annual review of its compensation plans that featured incentive compensation. Starting in 2018, policies and procedures called for an annual review of the firm's compensation plans that featured incentive compensation, which the firm conducted, and disclosure of all material conflicts of interest under the Advisers Act. However, the SEC alleged that the firm did not provide full and fair disclosure of the incentive compensation provided to its Retirement Consultants and TAC Advisors for the referrals and rollover transactions discussed above. Rather the firm initially included the deficient disclosure in Form ADV and only began updating its disclosure of the conflicts of interest related to the incentive compensation in 2022 after the SEC's investigation began.

In settling the case, the firm agreed to a \$2.9 million civil penalty to be distributed to affected investors. This case does not involve private funds but rather focuses on retail investors. However, it does highlight the SEC's ongoing focus on disclosure of conflicts related to compensation practices and reiterates that disclosing that a practice may occur when it actually does occur is not sufficient.

See SEC Summary - <https://www.sec.gov/files/litigation/admin/2025/ia-6876.pdf>