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General Comment

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I have worked as a Financial Advisor (formerly known as an Investment Representative) for a large brokerage firm for nearly 23 years.

On the question of a delay of the application of the Fiduciary Rule, I am emphatically in favor of a delay for the following reasons:

1. Our firm is not ready. Despite having devoted many millions of dollars in preparation, we're not there. Training is not complete, and our processes are not fully rolled out. We intend to have a BIC exemption transaction account, but it isn't ready, and has only been discussed in broad terms. We're 30 days from implementation! I believe my firm is well ahead of others in the industry, and I don't think we have enough time remaining.

2. Our clients are not ready. The public-at-large is largely unawares. I have clients,

with whom we have had discussions of the impact of the fiduciary rule, and many respond that their friends, with other firms, have not had any discussion of the matter. Some seem to think these changes are being driven by our firm, not by industry regulations.

3. April 10th, on the eve of the IRS deadline for contributions, is a horrible implementation date. Imagine the client who picks up his taxes on the week of April 10th. His tax professional tells him he needs to bring his IRA up to some higher level of funding. He walks in with the recommended amount, say $3,000. Sorry, can't help you. "But I have until the 15th!" No, grandfathered accounts are now locked down, and $3,000 is below our minimums for a fee based account. The start date never should have been before April 15th, and arguably even, later since SEP's can be funded through a later tax filing deadline if an extension has been requested.

On the question of whether the rule should remain, again, I am strongly opposed.

1. Grandfathering is a misnomer. While those accounts may continue to exist, there are so many limitations as to how they may operate, that to use the term "grandfathering" is extremely deceptive. I could provide a multitude of examples, but space is limited.

2. Our firm's commission based platform will prohibit purchase of mutual funds (because of variations in their pricing structure). To qualify, one must have $100,000 of qualified assets, with our firm, for that individual (which could include mutual funds, but those must be held separately). Perhaps one spouse qualifies, the other does not. Young investors, the very ones who should be starting early (but of necessity start small), and are the ones most at risk (see the Social Security Trustees letters, for years, regarding future benefits), are not helped by being locked out of their mutual fund account IRA.

3. You could argue they are NOT prohibited from pursuing the benefits of mutual funds, they must just do so with a fee based account. Again, there are practical minimums, in our firm's case $5,000. What help does that starting investor get for $100/month, if that is all they can afford at this point? Answer: too bad. However, even with a young investor who can muster the resources, fee based, compared to commissions, is a horrible long term solution. By way of example:

Imagine a 24 year old investor who is able to invest the full $5,500 annual IRA limit. I assumed level contributions for the 46 years to reach age 70. No increase at age 50. Total invested = $253,000. I ran a hypothetical illustration of a large, well respected, mutual fund, Investment Company of America (AIVSX).

In a fee based program, DOL compliant, first year fees at 1.2%, but no commissions, are $69. In year two, $147, year three $197. Fees increase steadily, as account total values increase. This is true for 46 years. Total fees over that period (at a constant 1.2%) are $728,673. Ending value is $4,845,248, or 10.05% annualized.

Had this person, instead, paid commissions (which grandfathering will not allow on mutual funds), first year commission at 5.75% would have been $316. Commissions only apply to each year's contribution, not total value. Year two is also $316. Year three is $316. However, (AND THIS IS IMPORTANT) clients reach breakpoints, reducing commissions on added funds. By year 15, commissions = $193 (vs. the fee on the fee based account which had risen to $1,433 that year). As account values reach breakpoints, commissions, which only apply to that year's contributions, drop. ULTIMATELY TO ZERO. After all of those years, commissions only totaled $4,964. Ending value is $7,308,855 or 11.28% annualized. HUGE DIFFERENCE!

At age 70, neither account evaporates, but the commission account stopped paying commissions years ago, whereas the fee based account will also incur fees for the withdrawal period.

Had I run a fee based practice for 23 years, I would made 3 times as much, or more. Be wary of anyone claiming fee based is in the client's interest. Only true in the short run. IRAs ARE LONG TERM.