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Definition of the Term ‘‘Fiduciary’’; Conflict of Interest Rule—Retirement Investment Advice

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Definition of Term Fiduciary; Conflict of Interest Rule-Retirement Investment

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General Comment

I am writing today to express my strong support for delay of the applicability date of the so-called 'fiduciary rule.' Beyond that, I hope your Department will eventually repeal this flawed rule because it is excessive, will harm the fixed insurance industry, invite endless litigation, and most importantly will be bad for consumers who need access to a wide array of financial products that oftentimes are available through our industry.

I am heartened that President Trump in his Presidential Memorandum called on your Department to study the fiduciary rule more closely and instructed your Department to rescind or revise the rule if found to be contrary to the President's priorities, i.e., empowering Americans to make their own financial decisions and save for retirement. Given this directive, it is obvious that DOL must delay the applicability date of the fiduciary rule by at least 60 days if not much more, allowing adequate time to study the critical issues raised by the President and take necessary action which I hope will

ultimately result in rescission of this onerous and harmful rule.

The economic impact on an industry with a 99.8% customer satisfaction level has not been taken completely into consideration. Let me be clear the fiduciary rule makes it impossible for those of us in fixed annuity industry to serve our clients. This is a rule that was adopted based on how the securities industry works and fails to account for unique aspects of the insurance business, especially in the independent insurance agent distribution system. As a result, this rule will hurt my business, force my industry colleagues to change longstanding business models, and deprive our clients of valuable products and services. One need look no further for evidence of this disarray than the DOL proposed insurance intermediaries exemption which is deeply flawed and remains in limbo. This rule must be delayed - if for no other reason - because it is impossible for our industry to comply absent a reasonable intermediary exemption and adequate implementation period following adoption of such an exemption.

I also believe delay is needed and this rule should be repealed for other reasons:

What troubles me most about the fiduciary rule is how it favors some products over others without accounting for the reality that different products and services are better for different segments of the large American retirement marketplace. The fiduciary rule unfairly disfavors commission-based, long-term retirement savings products, particularly fixed-rate and fixed-indexed annuities. This is a terrible mistake because it serves to deprive clients of annuity products that protect client principal and provide for guaranteed lifetime income. These products are typically one important piece of the total retirement security plan of Middle Americans. It makes no sense that our government would pick winners and losers, stifle creation of innovative products, or worst of all, create rules that will push certain valuable products out of the marketplace altogether.

Based on my experience in this industry, the fiduciary rule will ultimately hurt the very people it is supposed to be helping, and instead will be a boon for trial lawyers and a small set of companies and financial professionals who mostly serve affluent clients. For the sake of everyday American people, who need products like fixed annuities, I urge the Department to delay and repeal this ill-conceived rule consistent with the directive issued by President Trump.

Sincerely,

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