From: David Allen
Sent: Friday, April 07, 2017 11:10 AM
To: FiduciaryRuleExamination - EBSA
Subject: RIN 1210–AB79

Why is no one listening? Except to the CFP Board of Registry(*). Pushing an agenda to castigate commission sales people.
Even our professional associations are conflicted. As they have extended their membership bases (for economics). And diluted our voices. In trying to serve too many masters.

The insurance companies, broker-dealers and asset managers are implementing higher costs(**) already.
Without "The Rule" having yet been implemented.

For 35 years I have applied a fiduciary standard. Although the "prudent person" standard was all that was required.
Mentors of mine made it clear....all three partners must benefit in a transaction. Client, agent, company!

The 1980's brought people into our business that don't like prospecting. And they saw professionalism in selling as beneath them.
Hence, the maturation of the "Assets Under Management" (AUM) model. Get a large piece of the financial security planning pie (assets under management) and charge a recurring fee that makes you $$$$$ January 1 of each new year. Too Easy!!!
Yeah, right~

"And, when the market goes down....we'll still get paid". Marketers have made it appear that interests are aligned this way.
The facts do not support the premise.
AUM folks are not pro active (nor knowledgeable) enough to have effected the actual outcome, fbo the client.

Problem solving based compensation (commissions) have served ALL markets well for a long time. Any new standards should address the suitability of when and where an AUM model is in the best interest of a client. Not in suggesting that "fee based planning" is better than any other form of compensation.

My high net worth clients pay (not to me) upwards of 2% in annual fees to their advisor.
Bringing with them a passle of resources and value. Family office management, accounting and legal services. We support that team of allied professionals in risk management. Life insurance, disability insurance and long term care insurance sales.
While selling retail mutual funds and annuities, without charging the recurring AUM fee. I disqualified that model for my firm in 1994.
Seeing it as something (too expensive) that I would not buy....as a consumer, nor sell as an agent.

Way too many Americans are being charged 1%-1.5% annually. Under the guise of "best interest". This is a disgrace. The net effect is a reduction in capital for modestly successful people trying to save. Extending such an idea to more Americans is already allowing the AUM firms to "blame the fed". As we have seen increased AUM fees implemented in the past year. With many of those advisors walking away from lower and middle markets.

If anyone cares......I am available for additional discussion and assistance.

In addressing both the actual and perceived abuses in financial security planning.

Respectfully submitted,

David Allen

* Just look at the advertising by CFP professionals. They are unable to describe their value, without putting down others.
   Don't let their fear of competition increase costs to your constituents.

** We are seeing a reduction in compensation by 15% this year. Meaning that only one party to a transaction is benefiting.
   And it's not my office.

dca

-Service since 1982-

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