From: Rhoades, Ronald [mailto:ron.rhoades@wku.edu]
Sent: Tuesday, May 02, 2017 4:38 PM
To: Talk to DOL
Subject: Mr. Secretary: DOL Fiduciary Rule Good for American Business and the U.S. Economy

May 2, 2017

R. Alexander Acosta, Esq.
Secretary of Labor
Office of the Secretary
U.S. Department of Labor
Washington, DC

Re: DOL's Conflict of Interest Rule – Good for U.S. Business; Good for the U.S. Economy

Dear Mr. Secretary:

Congratulations on your appointment and confirmation as our new Secretary of Labor.

Often overlooked in the discussion of the rule are two very important considerations:

1. The Rule Benefits American Business, via Minimization of the Risks of Plan Sponsors.

> **Currently firms that sponsor ERISA-covered qualified retirement plans are at substantial litigation risk, due to lack of expertise in choosing the right lineup of investment options.**
>
> **Interestingly, in most cases, the "retirement plan consultant" to the plan sponsor, who provided recommendations as to which funds to include in the plan, is "off the hook" (as they hide behind the suitability shield) and are typically dismissed in the lawsuits.**
>
> **In essence, a delay and/or repeal of the DOL fiduciary rule will hurt American business owners (plan sponsors), large and small, by shifting risk from broker-dealer firms to most other American businesses.**

2. The Rule Benefits the U.S. Economy, as it Fosters Greater Accumulation of Capital. This in Turn Lowers the Cost of Capital for U.S. Firms and Spurs U.S. Economic Development.

The prospect of the DOL Rule has already resulted in substantial reductions in asset management fees at a number of mutual fund companies and other product providers. The academic research is clear – lower fees and costs result in higher returns for individual investors, and greater accumulations in their retirement nest eggs.

This, in turn, results in greater accumulation of capital in our economy. This, in turn, provides the fuel to turn the innovations from our researchers in American business and higher education into new products, bringing new benefits to Americans and to the world.

With greater capital accumulation, the cost of capital to firms is also lowered. This results in enhanced profitability for American business.

In essence, the DOL's fiduciary rule can be a major driver of U.S. economic growth, with greater accelerations of economic growth occurring each subsequent year as capital accumulations compound over time.

These points are also summarized and addressed in my comment letter to the DOL, dated March 17, 2017.

As a researcher and frequent writer on the application of fiduciary law to financial services, I write today to express support for the implementation of the "Conflicts of Interest Rule" on June 9th, and urge that the rule not be further delayed.

I would be most willing to meet with you, at your convenience, to provide additional perspective on the many benefits of the DOL's Conflict of Interest Rule.

Thank you,

Ron A. Rhoades, JD, CFP®
Program Director, Financial Planning Program
Asst. Professor – Finance
Gordon Ford College of Business
Western Kentucky University
Stimulating the Minds of the Next Generation of Outstanding Financial Planners

Mailing address:
Dr. Ron A. Rhoades
Western Kentucky University
Grise Hall #324
1906 College Heights Boulevard
Bowling Green, KY 42101

E-mail (preferred): ron.rhoades@wku.edu
Phone (office): 270-745-4934
Text Message: 352.228.1672

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