

PUBLIC SUBMISSION

As of: 9/15/17 1:37 PM
Received: September 15, 2017
Status: Pending_Post
Tracking No. 1k1-8yog-6u2m
Comments Due: September 15, 2017
Submission Type: API

Docket: EBSA-2017-0004

Extension of Transition Pd and Delay of Applicability Dates; BICE (PTE 2016–01); Class Exemption for Principal Trans in Crtn Assets Bet Invstmt Advice Fiduciaries and Employee Benefit Plans and IRAs (PTE 2016–02); Prohibited Transaction Exemption 84–24 for Certain Transactions Involving Insur Agents and Brokers, Pension Con, Insur Cos, and Investment Co Principal Underwriters (PTE 84–24)

Comment On: EBSA-2017-0004-0002

Best Interest Contract Exemption, etc.; Extension of Transition Period and Delay of Applicability Dates

Document: EBSA-2017-0004-DRAFT-0676

Comment on FR Doc # 2017-18520

Submitter Information

Name: Christopher Weber

Address:

1605 Heritage Drive
Northfield, MN, 55057

Email: chris.weber@ceterais.com

Phone: 507-645-1841

Organization: Cetera Investment Services LLC/Community Resource Bank

General Comment

I don't feel that an "advisory" wrap account is the best solution for every customer. The fiduciary rule essentially mandates moving every IRA customer to this type of account.

The small investor will get hammered by fees to be on an open architecture advisory platform ... negating any effects of picking the "best possible" funds. It is hard enough to encourage small investors to invest.

The buy and hold investors will be paying excessive fees. I have many clients in a low annual cost mutual funds who have paid front loads. If they want to change their risk profile or choose a different fund in a fund family (at no charge), they are able to do that. If I venture outside the fund family, I am required already required to this only as a last resort. Buy and hold customers would not be able to get advice under the fiduciary rule ... advice is a hold recommendation or

an exchange ... without switching to the advisory platform.

In the past, I have been told that switching a customer from one large cap growth fund to another large cap growth fund was to be avoided because it is churning because funds are very similar. In an advisory account, we now have to tell them the opposite because of the fiduciary rule. Over the long haul, how much different is one large cap growth vs. another large cap growth and does it overcome a 1.00%+ fee from an advisor? Plus, when we select which fund is "best," do we look at the 1, 3, 5, 10, 15, or 20 year returns to fulfill our fiduciary duty? I'd argue for some funds the 10 year or longer is most appropriate.

A big problem in the industry is that some companies are egregious in what they charge an investor, whether they add bells and whistles that are overpriced, or they have to cover a higher payout to an advisor, or they just want to make more money. Many fund companies seem to be able to keep fees between 0.50% and 1.00% even including the 12b-1 fee. Maybe we should be thinking about regulating products instead of increasing the cost to the client?

Finally, a conservative bond investor is not making much; an advisory fee a huge chunk of income for these clients. Are all of these clients going to have to go to bank CD's as they aren't covered under the DOL rule?