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Wednesday, May 5, 2010

Regarding the proposed 2010 Investment Advice Proposed Rule, I believe there are two items being proposed that may inhibit the quality of advice by restricting the ability of the portfolio managers to control the computer generated advice.

I believe the computer generated advice needs to be designed, worded and questions weighted based on the expected outcomes, returns, and volatility of the recommended portfolio.

The overall advice given will be much more precise if the questionnaire is designed by the research department and or affiliates of the research department that are tying the recommended computer models with the output of the questionnaire.

I would compare this to one doctor giving the exam and another doctor writing the prescription based on the first doctors notes. There would be too much lost in translation and would produce better or more precise advice if the same firm could control the information gathered and the recommended solution.

I am also unclear on what is being considered an affiliate to the fiduciary advisor to the plan.

I am hopefully interpreting the proposed regulation correctly in that a proprietary fund in a plan is not subject to level compensation at the plan level as long as the fiduciary advisor has level compensation when both are affiliates of the same financial institution.
There is no way a fund manager can get level comp on a plan unless they manage all the funds in the plan which would create a bigger conflict of interest than using a fund manager of the affiliate company with other funds outside the affiliate financial entity.

I have been researching on and designing computer generated advice and models since 2002 and would greatly like to discuss our experience in what works with the least conflicts. What works as measured by participant results by using the process?

Thank you,

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