

This response is solely based on my personal opinions and does not necessarily reflect the opinions of my employer, Raymond James Financial.

***“Our financial decisions are among the most important we will make in our lifetimes. So when we seek advice, we want to know that the person we go to will have our best interest at heart — but that’s not always the case.***

***Think about it: When you go to a doctor, you expect that they will treat you in your best interest. When you hire an attorney, you pay for them to represent your best interest.***

***Shouldn't the same be true for financial advisers who manage our hard-earned savings?”***

This statement comes directly from the following DOL website:

<http://www.dol.gov/featured/protectyoursavings/>

When the DOL fiduciary proposal is put in these terms, it’s hard to disagree. People want to, and need to trust their doctors and lawyers; so of course we want them to put our best interests first. Likewise, people want to and need to trust their financial advisor. Certainly, when it comes to our health, our legal rights and our money, all decisions are important. Therefore, we must be able to trust that the advice we receive is in our best interests.

But if the DOL believes that the rules governing doctors and lawyers should be the standard, why are they proposing that the financial services industry to follow rules and regulations that go well beyond those that govern doctors and lawyers – and any other profession for that matter? Let’s first look at your relationship with your Doctor and ask the following questions:

1. Does your Doctor give you a document every time you see him or her that expressly states what he or she is and is not going to do for you?
2. Does your Doctor give you an estimate of all costs associated with any service or procedure (a better question might be does the Doctor even have any idea what the cost might be)? Furthermore, does the Doctor advise you if that procedure or service would cost you less someplace else?
3. Does your Doctor disclose all compensation he or she will receive as a result of taking care of you? Is this information updated for you on a regular basis and is it displayed on a website?
4. Since the more treatments your Doctor recommends the more he or she makes, does your Doctor disclose this conflict – and any other conflicts?

5. Does your Doctor sign a contract with you attesting to all of these things? Is it clear to you that you can sue your Doctor for any breach of this contract – not just for malpractice?

I have no doubt that virtually everyone will answer “no” to each of these questions. And I’m sure the answers won’t change if the same questions were asked about a lawyer/client relationship. If the goal of the DOL is to hold financial advisors to the same standard as doctors and lawyers, why is it necessary to create a legal and operational burden that is unprecedented in any relationship?

Studies have shown that most clients believe that their financial advisor already puts their best interests first. The DOL needs to seriously consider whether clients hold this belief because they are ignorant of their advisor’s motives or because that belief is consistent with their actual experiences. The DOL claims that financial advisors are costing retirement savers \$17 billion per year by recommending unnecessarily costly products. Setting aside the many flaws in this calculation, I must ask if the DOL has made any attempt to quantify the billions that are saved each year when these same advisors not only help them properly allocate their portfolio, but also help them with college planning, insurance, social security, retirement planning, estate planning, etc.?

The fact of the matter is that the vast majority of all financial advisors put their clients’ interests first each and every day. Current regulations, not to mention best practices, dictate that to be the case. Advisors that don’t put their clients’ best interests first will likely have a very short lifespan in today’s investment world. Of course, the industry can always do better. Specifically, I would recommend the DOL limit its proposed changes to the following:

1. Disclosure of all relevant compensation earned by any recommendation and any financial conflicts at the time an investment recommendation is made.
2. Disclosure of all relevant costs at the time of purchase as well as ongoing costs for the life of the investment
3. Consistent review of all past recommendations to ensure they are still solutions for meeting the client’s objectives

Since it appears as though the DOL is attempting to raise the standard to match those of doctors and lawyers, I will note that these three steps alone will still create a standard that exceeds disclosure requirements for doctors and lawyers. Simply put, the DOL proposal as it exists today is overly complex, costly and vague. In addition, it carries with it an unprecedented level of potential liability. The end result is that most financial advisors will simply choose not to provide advice to the very clients that the rule is attempting to protect. I strongly urge the DOL to reconsider the scope of the existing proposal.