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Sent: Monday, September 21, 2015 1:55 PM
To: EBSA, E-ORI - EBSA
Cc: Dean Harder; Jane Perkins
Subject: Proposed DOL Fiduciary Rule

Monday, September 21, 2015

To whom it may concern:

Thank you for taking public comments.

I am a Registered Representative, and have been so for nearly 18 years.

The people we serve are Middle Americans, most of which have a combination of 401(k) plan assets, Traditional IRAs and Roth IRAs that total of less than \$400,000 at retirement age.

These Middle Americans are faced with two questions in retirement that no one can answer:

- 1) How long will I live?
- 2) How well will my retirement savings do during my retirement?

In reality, no one can answer these questions. Therefore, these Middle Americans are faced with the daunting task of creating an income stream from their retirement savings that will provide the amount of income they desire without the fear of running out.

The idea of commissions and/or fees being the focus is unfortunate and will most certainly not serve Middle Americans well.

The problem is that we have an industry, as well as a three generations of Middle Americans who have been taught only to save money for their retirement.

What is missing?

Nearly all Middle Americans have no idea how to turn their retirement savings into income, other than to withdraw a sustainable amount. And the sustainable amount is around 3-4% of their retirement savings. Withdrawing 3-4% does not provide a level of income that allows people to retire with confidence to meet even their basic income needs.

You see there are only two ways to create income from your retirement savings once you are retired:

- 1) Invest your retirement savings and create an income by withdrawing money from your retirement savings
- 2) Trade/Exchange your retirement savings and create an income by purchasing either an Immediate Income Annuity or a Deferred Income Annuity with your retirement savings

How does this benefit the Middle Americans we serve?

Using the Income Annuities, at least in part, to create income in retirement provides two significant benefits:

1. Rather than a 3-4% income rate from their retirement savings, Middle Americans may enjoy 6-10% income rates from those same retirement savings, and
2. Rather than having an unsecured, non-guaranteed income stream from their retirement savings, Middle Americans may create a guaranteed income stream for as long as they live

You see, Income Annuities pay Registered Reps like me a commission.

Interestingly, and quite hypocritically, advisors who purport the Assets Under Management (AUM) strategy typically don't offer their clients Income Annuity Options because the advisor loses the fee revenue when Mr. & Mrs. Middle America.

Think of it this way....

Mr. & Mrs. Middle America have \$400,000 of retirement assets.

- Scenario One is Mr. A.U.M. Advisor
 - All \$400,000 of retirement savings is invested and at a 4% systematic withdrawal amount, Mr. & Mrs. Middle America get \$16,000 of income from their retirement savings – non-guaranteed. (The \$400,000 can go up or down)
 - Mr. A.U.M. Advisor continues to receive a fee from Mr. & Mrs. Middle America regardless of how the funds actually perform.
- Scenario Two is an agent or advisor like me
 - \$200,000 of their \$400,000 of retirement savings funds an Income Annuity with an 8% payout rate. Mr. & Mrs. Middle America get \$16,000 of income from their retirement savings – guaranteed. (This \$200,000 is exchanged for a guaranteed lifetime income)
 - The other \$200,000 for their \$400,000 of retirement savings funds may be used for anything else they want to, including:
 - Using to provide an additional \$8,000 a year through the 4% systematic withdrawal method, or
 - Using to fund a Long Term Care solution in the event Mr. & Mrs. Middle America experience a Long Term Care event
 - Using to park money on the sidelines in the event Mr. & Mrs. Middle America want to use the funds for something else
 - Using to provide additional guaranteed income by putting some or all of the additional \$200,000 into an income annuity to provide guaranteed lifetime income
 - The agent/advisor like me will receive a commission from the Income Annuity company
 - The agent/advisor like me may receive a fee from Mr. & Mrs. Middle America depending on whether or not an agent/advisor like me is using no-load funds or some type of fund or account with fees, just like Mr. A.U.M. Advisor is charging

At the end of the day, this proposed Rule does NOTHING to address the actual problem Mr. & Mrs. Middle America are facing – How to I prepare during my working years, to someday retire with an income I cannot outlive and make sure it works under a variety of circumstances.

I'd so enjoy testifying. My contact info is below.

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