

PUBLIC SUBMISSION

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Docket: EBSA-2010-0050

Definition of the Term ‘Fiduciary’; Conflict of Interest Rule—Retirement Investment Advice; Notice of proposed rulemaking and withdrawal of previous proposed rule.

Comment On: EBSA-2010-0050-0204

Definition of the Term Fiduciary; Conflict of Interest Rule- Retirement Investment Advice

Document: EBSA-2010-0050-DRAFT-6571

Comment on FR Doc # 2015-08831

Submitter Information

Name: Bruce Mayer

General Comment

Dear DOL Representative:

I have three comments.

The first is that the overall goal of reducing fees and conflicts of interest is good.

The second is that there are typically un-intended consequences when rules become as convoluted as ERISA. Currently one allowable 401(k) option is brokerage accounts. However in many plans the plan trustees do not allow this since they are concerned about fiduciary responsibility in the event a participant loses money. This results in plans offering only mutual funds which have built in annual fees. In contrast a portfolio of individual shares that is not traded often can have much lower fees. So the rules on fiduciary responsibility have indirectly taken away a lower cost option due to fear of how the rules may be interpreted.

The third is that in the current rules, those who offer IRAs would need to eliminate access to equity options. I have taken the time to learn about options and they are a very effective way to reduce risk and improve returns. I have used covered call selling and naked put selling to improve returns. If you are not familiar with options then selling options appears to be quite risky. But done in moderation on blue chip type equities it is quite safe and can earn returns in the high single digits or teens on a consistent basis. Buying options can also be a way to reduce risk in a portfolio by hedging positions and by allowing a small commitment of funds to an investing idea rather than buying the shares.

Options were created to reduce risk. Prohibiting the use of options will increase the risks and reduce

the performance of my IRA account.

Please modify your proposed rules to allow IRA accounts to continue to buy and sell equity options.

Thank you,
Bruce Mayer