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

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Submitter Information

Name: Robert Peterson
Address:
56809 Dickens Dr.
Shelby Township, MI, 48316
Email: rob@planwithrob.com
Phone: 586-731-5556

General Comment

I am writing as a State Farm associate and concerned that the Department of Labor's proposed fiduciary rule will limit investment options for retirement savers, especially those with smaller amounts to invest. As currently written, the proposed rule would create restrictions for assisting investors with tax-qualified products, making it more difficult for low- and middle-income consumers to access cost-effective retirement savings products and information.

Consumers need more information about retirement savings options, not less. Unfortunately, the proposed rule could harm modest retirement savers and small businesses by reducing the number of representatives willing to provide investment information and products. This could drive consumers to choose between a high cost fee (generally a percentage of the assets under management) and faceless robot advisors. It would not be in the best interest of consumers to eliminate commission based compensation and other cost-efficient investment options, especially for smaller savers.

Many State Farm customers have modest means to invest. The average mutual fund account size is $22,000 and half of the mutual fund accounts at State Farm have a balance of less than $6,500. On average, by the fourth year such an account is held, the accumulated costs are less than the ongoing fees charged by many investment advisors. The proposed rule, however, could drive providers to convert to an asset-based fee model which could price investors of modest means out of the market. This is because most investment advisers will not manage small accounts due to the insufficient income generated (less than $100 per year on an account of $6,500). This is shown by the many advisers that currently have minimum investment amounts of $100,000 or more.

The proposed rule would also harm our customers by significantly disrupting the longstanding business model of

State Farm and similar companies, which currently enables us to provide simple, cost-effective proprietary and commission-based products. State Farm offers a wide range of proprietary products including insurance, mutual funds, annuities, and bank products to meet the multiple needs of our existing and future customers. These products have proven to be competitive, appropriate and effective product choices for retirement savers and are already effectively regulated.

As you can tell, this proposed rule is very important to me, State Farm and our customers. Please ensure that the DOL does not finalize a rule that could hurt modest retirement savers and small businesses by eliminating consumer choices in the market. I am writing to request that the DOL preserve existing investment and distribution options.

Please accept my sincere appreciation for your engagement on this issue. Please do not hesitate to contact me with any questions, or if you would like additional information. You can read the July 21, 2015 comment letter State Farm filed with the DOL here: http://www.dol.gov/ebsa/pdf/1210-AB32-2-00646.pdf.

Robert W. Peterson