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Comment On: EBSA-2010-0050-0204

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

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General Comment

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The proposed regulations may in some part improve the overall situation in our citizens' abilities to develop and manage their personal retirement accounts. There is, however, one proposed rule that prohibits the ability of brokerages to provide trading in stock or index options to individual retirement accounts which will be deleterious to the retirement accounts of a large number of potential retirees. Stock and index options can be particularly advantageous in IRA accounts to retirees. Conservative options strategies, for example selling covered calls and uncovered puts on stocks that the retiree wishes to own in his retirement account, can be particularly useful in generating retirement income without rapidly depleting the account's capital. Likewise, judicious purchase of calls or puts can provide relatively cheap portfolio insurance in times of economic uncertainty. These techniques should be as available in retirement accounts to the individuals that are willing to learn them as they are in any other individual account.

I have been contributing regularly to my personal retirement account in preparation for retirement in the next 3-5 years. I have been learning conservative income generation techniques using options that, particularly in this environment of almost zero interest rates fostered by the federal government which is extremely difficult for retirees or others living on fixed income investments, can provide a reasonable income for my senior years with the relatively modest retirement account that I have accumulated. I personally resent this over regulation. The federal government was not formed to create a "Nanny State" to guarantee cradle to grave security. Nor could it even accomplish that if the government were created for that purpose.

A much better solution to this problem is to educate the public about the options to manage their retirement accounts. Those that manage their own accounts should be cautioned that option trading has risks and should not be undertaken with the goal of getting rich. At the same time, it offers significant opportunities for those that understand the risks and are willing to learn conservative techniques. This proposed regulation is on a par with

the idea of installing a governor set at some arbitrary speed limit (e.g. 70 mph) on every automobile sold simply because driving an automobile can at times be dangerous. I am sure that there are many bureaucrats that would find that a perfectly acceptable regulation. On the other hand, such a rigid regulation for traffic would create many more dangerous traffic jams and probably lead to many more injuries. Perhaps that will change with the development of "smart cars", but as long as individuals control them, we need to educate them and rely on them using good judgment on their own. Similarly, individuals who manage their own accounts must have the ability to use these strategies whether they are retirement accounts or not.