

From: Paige Pierce [mailto:paigep@rwsbroker.com]
Sent: Wednesday, July 08, 2015 6:04 PM
To: EBSA, E-ORI - EBSA
Cc: paigep@rwsbroker.com; Eichler, Tracy (TEichler@sifma.org); Maurello, John (jmaurello@sifma.org)
Subject: DOL Fiduciary Rule Proposal - RIN 1210-AB32

COMMENT LETTER ON RIN 1210-AB32, DOL FIDUCIARY RULE PROPOSAL

In my over 30 years in the investment industry I have worked with financial advisors, on the front lines and behind the scenes, as we have worked together to help people overcome financial uncertainty. Often one of the most important parts of the job is to help clients have the confidence they need to achieve their financial goals. It is no surprise then that after years of working closely with clients, close trusting relationships are formed.

A new "conflict of interest" retirement regulation from the Department of Labor (DOL) seems to suggest something else about financial advisors, that professionals are willing to put their own financial interests above the clients. In my experience, that could not be further from the truth.

The DOL does get one thing right and that is financial advice should be in the best interest of the customer. I do not have a single colleague who would disagree with the statement, and we all support a regulatory framework that improves outcomes for savers. However, the rule proposal, as written, does not achieve that and in fact will hurt the customers it intends to help. An all-too-common result in Washington these days.

Currently, savers planning for retirement can choose between fee-based investment advisory services or commission-based financial advice. While fee-based accounts afford the highest level of attention, commission-based services offer the best balance of advice and AFFORDABILITY. That is why 98% of IRA accounts below \$25,000 are in commission-based brokerage relationships, and appropriately so.

The DOL's current proposal virtually eliminates the commission-based option, which is not in the best interest of retirement savers. The rule's new requirements and restrictions on commission-based offerings are so cumbersome and so complex, such as forecasting projected returns and costs of financial products 10 years in the future (what?!), that it no longer becomes practical to offer them, especially for small firms.

The consequences of this piece of poorly written regulation will be devastating. In order for clients to have access to the same level of advice and service they were accustomed to with their commission-based account relationships, they will be forced into expensive accounts and have to pay for additional services they do not want or need, or even worse, will be left with no advice at all. Without guidance from a professional, the prospect of meeting their retirement goals becomes much more daunting and less likely.

Equally problematic, the DOL's rule only applies to retirement accounts. Routinely all types of investing options and paths forward are discussed with a client. The DOL has created a scenario where advisors can offer guidance on a retail securities account, but as soon as the conversation moves to the client's IRA an entirely different set of complex rules suddenly applies, prohibiting us from having the types of conversations clients have had with their advisors for years. This is a real problem for investors and savers alike, many of whom are one in the same.

The DOL's impetus for this proposed regulation stems from the fact that investors/savers regularly state in surveys that they are confused about the difference between fee-based accounts and commission-based accounts. Additionally, there is an inaccurate accusation from the DOL that financial advisors regularly put their own financial interests above their clients. In regard to the former, that is an easy problem to address through continued investor outreach and education - and is most certainly not resolved by essentially eliminating investor choice and increasing cost to retail customers. To the latter point, after over 30 years in the industry it is my firmly held belief based on decades of experience, that accusation is unfair, unfounded and reckless. The vast majority of professionals in the investment industry embody the very best in business: knowledge & expertise, integrity & honor, dedication & loyalty to their clients - and don't let anyone tell you any different.

Financial advice (and, for that matter, financial regulation) should be in the best interest of savers and I support rules that contribute toward that goal. The DOL, however, has gone beyond clients' best interests in a way that constrains investor choice, raises costs, disadvantages small firms and puts clients' financial well-being at risk. I strongly encourage policymakers to carefully consider these consequences and withdraw the proposed regulation so that Americans saving for their retirement will not be adversely affected for decades to come.

Thank you for your consideration of these comments.

PAIGE W. PIERCE
RW SMITH & ASSOCIATES, LLC
The Power of Wall Street. The Promise of Main Street. ™

This communication and all information (including, but not limited to, market prices/levels and security description data) contained therein (the "Information") is for informational purposes only, is confidential, may be legally privileged and is the intellectual property of RW Smith & Associates, LLC and its affiliates ("RWS") or third parties. In addition, the Information should not be considered as an assessment of fair market value, and should not be construed as a recommendation or solicitation in relation to any financial instrument or investment. No confidentiality or privilege is waived or lost by any mistransmission. The Information is not warranted, including, but not limited, as to completeness, timeliness or accuracy of the information contained in this communication and information is subject to change without notice. RWS assumes no liability for use or misuse of the Information. All representations and warranties are expressly disclaimed. The Information does not necessarily reflect the views of RWS. Access to the Information by anyone else other than the recipient is unauthorized and any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it is prohibited. If you receive this message in error, please immediately delete it and all copies of it from your system, destroy any hard copies of it and notify the sender.

