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From: Mark Armstrong [mailto:mark.armstrong@valmarksecurities.com]

Sent: Monday, July 13, 2015 11:59 AM

To: EBSA, E-ORI - EBSA

Subject: Comments on Fiduciary Standard Rule (RIN 1210-AB32)

Mark Armstrong
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July 13, 2015

Dear Thomas Perez,

I want to express my deep concern about the Department of Labor's proposed fiduciary rule. As a trusted life insurance professional, I support efforts to ensure customers' best interests are served. Yet average Americans will bear the burden of this complex and unworkable rule by having significantly less access to professional financial advice and fewer options to save for retirement.

The DOL Proposal Would Reduce Consumer Choice and Access to Professional Financial Advice for Average Retirement Savers

Quite simply, this rule will raise product costs, reduce consumer choice, and limit access to professional advice for retirement savers that need it the most—from excessive disclosure and data keeping requirements to provisions that prevent small businesses from providing their employees with affordable retirement savings vehicles.

Let me share just a couple of specific real-world scenarios:

- In my practice, when a current or prospective client contacts me, I can answer their questions and provide guidance about investment options, including examples of assets or asset classes. Under the proposal, before any advice is provided to a saver or specific products to help them in retirement are discussed, they would have to sign a complex legal document. In my experience, few people are likely to read, sign, and return such a contract before any substantive discussion.

- When an individual nearing retirement asks about their options for their qualified account, I normally walk them through their various options—including rollovers—and discourage them from simply taking a lump sum payment that they might outlive or might not best serve their needs. However, since there is no exemption for rollover or distribution advice, I would be unable to answer any questions or provide any advice about a course of action—resulting in significantly less professional financial advice for many average retirement savers during the most important financial decisions of their lives.

DOL Proposal Would Undermine Model Used By Most Average Savers to Receive Advice and Service

Registered investment advisors receiving flat fees don't typically serve small accounts, but rather focus on wealthier clients. Further, individuals may prefer a single point in time payment over ongoing, annual fees that can be far more expensive. This unworkable rule is not compatible with commission-based

business models in the life insurance and broader brokerage industry, as FINRA CEO Rick Ketchum himself has noted—resulting in significantly less choice and access to professional advice for average savers.

Lifetime Income Products Are Particularly Disadvantaged

The DOL proposal makes it impossible to provide average savers with annuities that provide guaranteed lifetime income. In essence, this rule removes the only choices consumers have for both managing the risk of outliving their money and the risk of retiring just before a major market crisis.

This is particularly troubling because Americans are facing a looming retirement crisis. Retirees are living longer than ever, yet 40 million households have saved nothing for retirement—making this the exact wrong time to be restricting access to savings products. The importance of annuities for retirement savers was recognized by the Treasury Department in 2014, when it finalized regulations intended to increase the sale of annuities to qualified retirement accounts. The DOL proposal directly contradicts this Treasury initiative.

Alternatives to the Current DOL Proposal Haven't Been Explored

The Department of Labor has failed to explore alternative methods for enhancing investor understanding. For example, in February 2012 the DOL issued final 408(b)(2) disclosure rules requiring advisors to more clearly disclose their services, responsibilities, and fees to qualified plans. Sufficient time should be given to evaluate the effectiveness of this regulation, especially considering the enormous amount of time and resources recently committed to compliance. If these rules are found to be insufficient, then it would seem appropriate to build on these rather than adding another layer of costly and confusing regulation—particularly since the trend under these rules seems to be toward greater fiduciary relationships while preserving consumer choice.

The DOL Needs to Appreciate the Impacts of its Proposal and Fundamentally Rethink Its Approach

This rule will significantly limit my ability to provide educational information, professional financial advice, and critical savings products to retirement savers that need them the most. Given the many problems with the proposed rule as written, I ask you to work with life insurance agents like me to develop a workable approach which ensures that average savers can continue to get the advice and retirement savings products they need. I am member of the AALU, who will be providing a formal comment letter that will provide additional detail about the problems with this rule.

Sincerely,
Mark Armstrong