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Sent: Monday, July 20, 2015 4:14 PM
To: EBSA, E-ORI - EBSA
Cc: 'senator@mikulski.senate.gov'
Subject: RIN 1210-AB32

Good afternoon,

I write today to express my concerns about two specific aspects of the proposed DOL fiduciary revision rules.

By way of background, I have been a financial advisor for over 18 years, focusing on comprehensive financial planning for clients of all ages. Currently, my average client is approximately 62-63 years old, and my practice is at least 95% fee-based rather than commissioned. The majority of my clients are in their final phases of working while preparing for retirement, or are just about to retire. Frequently, we find when doing our projections for them that they will have an income gap in retirement. Sometimes this results from them wishing to wait to begin collecting their Social Security benefits, and in other cases it is a question of not having been able to save enough during their working years so that they can retire while substantially maintaining their standard of living.

As things stand now, I have the full range of investment vehicles to offer them. I have always been very transparent about all fees charged to clients, and many of these relationships go back to the 1990s. I have been providing them with guidance for a long time, and among other things the guidance has often been predicated on certain investment vehicles being available to them once they reach certain stages in life (such as retirement).

The way I understand these proposed rules is that my clients will have far fewer choices to help them in the retirement, not because those choices are not available, but because the proposed rules will redefine the way I am able to provide advice to them. Even if my experience and analysis tells me that allocating 10% of their portfolio to such-and-such vehicle would help us outsource risk, provide a lifetime of steady income for both spouses, and additionally provide a death benefit for either them or their heirs, I will not even be able to discuss it with them.

The current suitability and disclosure standards, I have found, are highly beneficial for all parties involved. Remember again that I have been working with many of these clients for well over a decade. In many cases we have been patiently waiting for certain eligibility requirements to be met, such as a minimum age or a given level of AGI. These proposed DOL rules will turn all that planning on its head, forcing us to use inappropriate investment options which, while they may have lower fees, do not provide the full range of benefits, guarantees, and estate-planning tools that my clients deserve to learn about. The worst part is that I wouldn't even be able to discuss what "could have been" with my clients.

While I do appreciate the idea of working to help current and future retirees be more efficient in terms of the fees they pay—indeed, I frequently adjust downward my own fees in various instances based on client needs—there is a huge concern that saving 0.5% in overall fees on a retirement account will more than make up for the fact that it has no guarantees, it has no potential to generate a consistent income, and so forth. I do not have the time to address the often anemic menu of investment choices most 401k participants have, and it is this often inadequate set of choices that the DOL expects to outperform some other investment which could be far more appropriate for them. At least in the managed accounts

I oversee, I can work with my clients in a tactical way to help them take on only the risk that they NEED to in order to seek the rate of return most adequate to their pre- and post-retirement needs.

Many large 401k providers will tell the DOL that their programs are highly efficient and help preserve assets within the 401ks so that those funds can continue to grow tax-deferred. Yes, there is a mathematical benefit to that, but I would again refer you to the severe limitations in most 401k plans. What they will not tell you, however—and what most of them lack an experienced infrastructure to provide—is that their advice (such as it is) is not customized for a particular investor’s needs or situation. It can’t be, because large 401k providers are unable to take the time and effort to gather from investors the information needed to provide advice in the first place. In short, in this particular case, millions of investors are “getting what they pay for”: an investment vehicle designed in the 1970s which, while fee-efficient to be sure, is seriously inadequate in providing the comprehensive strategies that most of my clients need.

In summary, merely because investment vehicle A is more expensive than investment vehicle B is, of itself, not a rational basis to foreclose me from recommending it in the context of my clients’ entire financial situation. Full disclosure of fees, ensuring that liquidity needs are more than met, taking into account other assets which may be earmarked for retirement purposes, doing everything we can to ensure that no client is taking unnecessary risks in the market, and doing all this while striving to be both tax-efficient and estate-efficient, should be more than adequate. In short, for my fee-based practice the suitability standard makes certain that I will be working with my clients in a fully transparent way while taking their whole financial lives into account. If, on the whole, my fees wind up being higher than they would be had my clients left all their assets in a 401k account, with no advice, no experience, no knowledge of estate planning, and a total inability to make informed recommendations on non-investment products such as insurance, then at least I have had the opportunity to discuss all available options with my clients.

Ultimately, it is they who make all the decisions, having been thoroughly informed of the fees, rationales, and potential risks. These proposed rules would appear to tie my hands, potentially putting at risk my clients’ ability to have a secure retirement after a lifetime of working, simply because I would now be required to keep them ignorant of their options.

Thank you for your attention. I sincerely appreciate your consideration of my comments and I welcome any opportunity to clarify them further if you would find that helpful.

-Chandru

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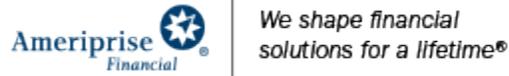
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