

PUBLIC SUBMISSION

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Definition of the Term ‘Fiduciary’; Conflict of Interest Rule—Retirement Investment Advice

Comment On: EBSA-2010-0050-3491

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

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General Comment

To Whom It May Concern:

The DOL Rule will cost investors exponentially more, as I will show below, while restricting their access to advice. At the same time it places enormous risk on advisors because a client would be able to sue if they are not satisfied with market performance! Advisors have no control over market performance and yet The Rule allows for them to be sued.

An example of how an account will be affected, assumes \$100,000 balance
Prior to The Rule an account owner might place 4 trades with \$50 commission for each and pay an annual maintenance fee of \$50.

Total Fee = \$250

If The Rule is effectuated an account owner may place the same 4 trades and pay no

commission or maintenance fee but rather a % of the account balance in a 'managed' account. Industry standard 1-3%.

Total Fee

Low = \$1,000

High = \$3,000

Most IRA plans are long term plans whose strategy is to buy and hold, therefore, fewer trades are placed in IRA accounts compared to other account types. The industry's response to The Rule is to force account holders into 'managed' accounts, or computer generated allocation models - there will be no options for savvy investors to direct their own accounts because advisors won't take on the liability and the BIC cannot be widely used because most investors are not savvy.

In addition, small investors are not incentivized to save and if they are, they will have difficulty finding an advisor who will assume the lawsuit risk of holding small accounts. They will be forced into 'do-it-yourself' with firms who do not offer advice. The Rule effectively denies small investors access to expertise and greatly increases fees yet claims to be for their benefit. Firms will benefit greatly from increased fees, not consumers.

Lastly, The Rule will likely result in a shortage of advisors in the near future because many would not choose a career where they are so open to lawsuit risk for market performance they have no control over.

The Rule should not only be delayed, it should be shredded and discarded.

Regards,
Christine Hartman