

From: Sprague, Scott [mailto:scott@swsllc.net]
Sent: Thursday, March 09, 2017 5:27 PM
To: EBSA.FiduciaryRuleExamination
Subject: RIN 1210-AB79 – Proposed Rule; Extension of Applicability Date

Mr. Secretary

As a financial planner in practice for 28 years, I am all for a standard which unifies client and adviser interests, and improves how financial planning is practiced in this country. I am afraid the rule in its current form does neither.

This rule has a fatal flaw. And here it is: this rule is based on the inaccurate and unfounded notion that any investor paying more than 15 (or pick a low number) basis points for an index fund is being manipulated, ripped off, or overcharged. That's the premise under which this rule was developed and it simply does not reflect accurately what reputable, experienced and expert financial advisors actually bring to their clients lives. And, it also implies that every investor is essentially the same, should use the same low cost investments, and therefore will always be better off because of this. I can show you dozens of very low cost mutual funds which have performed horribly over time, jeopardizing successful client retirement outcomes. So the question of considering fees only is definitely not the panacea to the problem we are discussing. There is absolutely no proof that **solely** reducing your fees will guarantee your retirement success. Retirement success is without question predicated more on the experience, skill and diligence of an advisor coaching and guiding the client over decades to a successful outcome. That experience costs money. Just like every other industry.

Here's the point: low cost does not automatically mean better, and that's something that desperately needs to be added to this discussion. Some clients require much more handholding, attention and analysis than others, and they should rightly pay more than one who doesn't need the same level of care. That's the art of this business which is being commoditized unwisely with this rule.

If an investor is being charged 15 basis points, 100 basis points, or 250 basis points, shouldn't the real question be: "What are you **receiving** for those fees, and are they **commensurate** with the services being rendered?". You cannot automatically assume that any higher fee that is charged to a client is automatically bad and without merit. It might be perfectly appropriate based on the services the client has asked for, and the services the advisor is delivering. That's the real discussion that needs to happen, and be addressed in a thoughtful way. I have heard absolutely nothing from the Department of Labor around this discussion point, yet it is absolutely the most important and critical to consider.

Make no mistake, I, and thousands of other financial advisors will need to increase our fees (and pass on to our clients) to offset the increasing expense burden and legal fees this rule will create for our industry. Isn't it ironic-- that's the problem the Department was originally trying to solve with this rule!! Back to the drawing board please, we have a major problem here.

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