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

Comment On: EBSA-2010-0050-3491
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General Comment

I am a financial advisor with Edward Jones. I am requesting a delay of the DOL regulations. Primarily, these regulations are actually detrimental to current client accounts. The rules imposed, along with the liability features, have caused advisory firms to draft options that are very restrictive for the client due to the possible implementation of legal liability. Current clients who like the way that their accounts are currently constructed will now be forced to either Grandfather their account (meaning that they can no longer buy any investments, only exchange within the same fund), or move to a fee-based platform and now have to pay going forward---when in fact they have already paid for their current investments; are happy with their current diversification and plan; and are comfortable in their current transactional platform.
The rule should also be delayed or changed from its current state because now the 'fiduciary' cat is out of the bag. My firm has made a huge effort to add platforms that avoid the conflict of interest issues and whether or not the DOL rules take effect, these new platforms will remain in place to service the new clients going forward.
These rules also hurt the smaller investor as my firm has now added minimum account levels when we never had that before and now clients are forced to diversify small amounts to the point where the money is spread over 6 investments to the point where it is not an effective plan. You can't do this with $250, but this is the reaction caused by these restrictive rules. This is not in the best interests of the client. You need to build the account and gradually diversify as more money is added that's how a plan works.

In addition, the rule needs to be delayed as the uncertainty that reigns within the industry will not be beneficial to clients as they will be forced to take quick action. If the industry itself is confused about the regulations, you can be sure that the clients are more confused and are not happy to be forced into platforms that don't serve them well.