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Definition of the Term “Fiduciary”; Conflict of Interest Rule—Retirement Investment Advice

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

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General Comment

I am firmly opposed to the DOL Fiduciary Rule. This rule will severely hamper consumer's ability to access principal protected and income guaranteed fixed or fixed index annuity products by promoting market confusion and significant litigation for both carriers and agents. As baby boomers reach retirement their primary source for retirement assets will be 401k and IRA funds. Most will not have access to Defined Benefit retirement pensions and will be forced to develop their own program. Annuities can provide consumers with a protected and guaranteed income and asset alternative that helps offset the loss of defined benefit plans in the market place. The issue with these products appears to be a misunderstanding of how agents are compensated. Like pensions many fixed annuities are purchased for long durations to provide stability to a retirement income plan and are in force for 10 or 20 years or even a lifetime. A one time commission of say 7% at the beginning of a contract may seem large but when spread over the 10-30 years lifetime of the product it is actually quite

competitive particularly when compared to say a 1% annual asset management fee for many securities products where the consumer continues to assume the investment risk and receives no income guarantees. I am licensed as both an Insurance agent and an investment advisor. I believe in a balanced approach to most consumers retirement programs meaning a protected and guaranteed income plan along side a risk managed asset program to hedge against inflation. Experience tells me that most financial institutions where the consumers funds are actually invested are risk adverse meaning broker dealers, RIA's, mutual funds, variable annuities, ect. want to shift the market risk to the consumer and charge a fee to the consumer while insurance companies in the fixed market place will accept and manage the market and longevity risk for the consumer they are deathly afraid of litigation. This regulation will reduce the number of fixed/fixed index products available to consumers right when they are going to need it most. There will be fewer agents offering these product alternatives because of reduced access, increased litigation and unprecedented red tape. The securities industry will continue to focus on having the consumer take the market risk while charging them a fee to do it. This fact should be a huge concern to the government given that future market losses inside the 401k and IRA markets will shift an even larger burden into the government retirement safety net. This rule will reduce access to the very types of products that the Federal Government should be encouraging consumers to use to develop guaranteed income streams during their retirement. An open free market will create better more competitive products for consumers. A closed, over regulated market overseen by class action lawyers will be to no ones benefit. All parties involved need to act in the consumers best interest including the government and this rule does not accomplish the goal!