I appreciate the opportunity to comment on President Trump’s memorandum on delaying the DOL’s fiduciary rule. The memorandum asked to determine if investors will have reduced access to retirement products and financial advice and if investors will be negatively impacted by disruptions in the industry and if there will be a likely increase in litigation.

At Shaw Financial Services, we offer fiduciary services as well as brokerage services which operate under a suitability standard. We have already talked with investors extremely unhappy with the effects of the new rule in that their brokerage accounts which are being frozen by various broker-dealers due to the fear of litigation. The rule is causing a contraction of available products, the choice of products and the ability to manage your current choices. It is also apparent that those with smaller accounts will be most drastically effected, as account minimums are being imposed which means the ability to get advice is affected. We are seeing huge contraction in the availability of annuity products, as lists of available products are scaled back due to fear of litigation from BICE contracts. How can it be in the client’s best interest to have less products to choose from? Not all products being lost are expensive or have high commissions. This is a systemic problem due to overregulation.

Our opinion is that the rule should be rescinded and rewritten by the SEC. A new Standard of Care rule should be put in place that allows clients to choose if they want fiduciary services, brokerage services or a combination of both. The current rule is clearly negatively disrupting the retirement market, freezing brokerage accounts and creating huge litigation risks.

The proponents of the rule ignore the fact that true fiduciary services are available now to anyone who supports this rule. Any member of AARP or of a union can hire a fiduciary. In contrast, any citizen that wants brokerage services or annuity contracts face additional product contraction and litigation risk in addition to a potential lack of product advice. This is not consumer friendly and rule needs to be rewritten. Clearly, United States consumers do not want a law like Great Britain or Australia that banned commissions and squeezed out small consumers. While consumers need protected from inappropriate products, they also need protected from overzealous and inappropriate regulation. We appreciate the opportunity to comment on this and hope Department of labor will carefully consider rescinding this rule before more damage is done.

Robert Shaw
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