

From: Ron Johnston <rjohnston@annuityally.com>
Sent: Monday, July 03, 2017 2:45 PM
To: FiduciaryRuleExamination - EBSA
Subject: The Department of Labor Fiduciary Rule, public comment.

Dear Secretary Acosta: The concept behind the deployment of the Fiduciary Rule is, I believe, valid in its intent, but its actual portrayal and execution are deeply flawed because, I believe, of the lack of knowledge of the industry and its products that its authors had. The original concept was, as I understand it, to stop the sale of high cost, high expense products, without fully disclosing those costs and expenses to the retirement investor in a clear, clinically factual manner, devoid of conflicts of interest, misrepresentations, sales incentives and untruths by sales persons. Though this is a noble and worthwhile objective, it makes an assumption that beclouds the whole issue. The intent of this Rule was largely to stop the sale of "non-publicly traded" REIT's, and Variable Annuities. But the manufacturers of those products and that distributors saw that this would allow fixed and fixed-indexed annuities to take an even larger share of the market. Why? Very simply. The fixed and fixed-indexed annuities GUARANTY: Safety of premium/principal. Have NO COMMISSION CHARGED TO THE ACCOUNT OF THE BUYER; OFFER, IN Rider form, a very attractive "guaranteed lifetime income" benefit at a low cost, an opportunity to earn a rate of interest from stock market indices which outperform almost all "professionally managed portfolios and funds" So during industry-comment, originally. These products that do not offer the guarantees of the fixed-indexed and fixed annuity products, claimed that they were "very complicated" and akin to the securities products, i.e. Variable Annuities, and should be regulated in the same manner as Variable Annuities, in order to restrict their sales success. This, and the structure of the BIC Exemption, which includes, with Variable Annuities, the Fixed Indexed Annuity, is just wrong and the Fixed Indexed product should be exempted and sold under PCE 84-24

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