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Office of Exemption Determinations
Employee Benefits Security Administration
Attn: D-11933
U.S. Department of Labor
200 Constitution Avenue NW, Suite 400
Washington, DC 20210

Re: Support for Delay of January 1, 2018 Applicability Date

Ladies & Gentlemen:

Thank you for the opportunity to comment on the Department of Labor's ("Department") request for information ("RFI") regarding the potential delay of the January 1, 2018 applicability date ("Applicability Date") of the Fiduciary Rule and related Prohibited Transaction Exemptions ("Rule").

For the reasons stated below, Pacific Life Insurance Company ("Pacific Life") respectfully recommends that the Department delay the Applicability Date to the latter of January 1, 2019 or 12 months after the Department takes final action on the Rule.

<u>Support for Uniform Best Interest Standard</u>

Pacific Life is committed to acting in the best interest of our customers and supports the enactment of a reasonable best interest standard that preserves consumer access to and choice of advice models. The Department's willingness to conduct a thorough review of the Rule to better understand the true costs and benefits requires a meaningful delay in order to prevent significant and material harm to American retirement investors.

For example, specific distribution partners of Pacific Life have already scaled back the retirement products they offer, limiting competition and consumer choice. Advisors plan to be more selective of the new investors they choose to service (i.e., those with higher amounts of assets to invest) which will limit access to retirement information and personalized advice for many. Indeed, distributors continue to identify and eliminate clients with small to modest account balances in anticipation of the added compliance costs and heightened litigation risks generated by compliance with the Rule. Thus, a significant number of existing investors could lose access to an adviser to talk to, answer questions, and who can help encourage them to save more and remain invested over time.

Need for Full and Comprehensive Review

The steps below are crucial for a full and comprehensive review by the Department and, in turn, will necessitate a delay to the Applicability Date.

I. Thorough analysis and implementation of public input

The preamble to the RFI clearly states that, concurrent with the ongoing Department review of the Rule as directed by the Presidential Memorandum dated February 3, 2017 ("Presidential Memorandum"), the Department is "seek[ing] public input that could form the basis for new exemptions or changes/revisions" to the Rule. A thorough analysis of such public input and effective or timely implementation of any revisions therefrom, cannot be accomplished in the time frame afforded (less than 3 months) assuming the Department gathers the data requested in the RFI (due August 7, 2017), and issues a revised final rule before November 2017 (less than 60 days before the Applicability Date). A delay is necessary to avoid continued disruption in the marketplace that harms consumer access to advice.

II. Coordination with the SEC

Department Secretary Acosta has publicly acknowledged that the Securities and Exchange Commission ("SEC") has critical expertise regarding the regulation of financial professionals, and encouraged the SEC to be a full participant as the Department considers possible revisions to the Rule. SEC Chairman Clayton subsequently issued a public statement in which he accepted the invitation to participate in assisting with any Rule revisions, and has also asked for public comments to help the SEC evaluate the range of potential regulatory actions. Meaningful coordination will take time and should not be approached hastily in order to comply with artificial deadlines that will cause consumer harm, further increase costs, and create uncertainty in the marketplace.

Sufficient Time Needed for Financial Industry to Assess and Implement

In order for the Department to properly gather, analyze and integrate information obtained through public input and coordination with the SEC, *and* for institutions to properly assess and implement a revised final rule, the Applicability Date must be extended.

Consumer access to valuable advice, tools, and products to properly plan for retirement is in jeopardy during hastened compliance time frames. For example, confusion in the marketplace, uneven analysis and implementation across the industry, and repurposing significant resources toward building effective compliance programs adds unnecessary costs and reduces customer service levels. Delaying the Applicability Date will give the entire industry adequate time to

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assess, develop, and implement orderly processes and procedures to comply with the revised final rule.

Conclusion

Pacific Life continues to dedicate considerable financial and human resources in preparation to comply with the Rule. Those costs are insubstantial in comparison to the ongoing loss our consumers and American retirement investors will incur without a meaningful delay and comprehensive review of the Rule based on the Presidential Memorandum.

Pacific Life joins the American Council of Life Insurers, the Investment Company Institute, the Insured Retirement Institute, the U.S. Chamber of Commerce, and the Committee of Annuity Insurers in supporting a full and comprehensive review of the Rule. In order for us to achieve our shared goal for American retirement investors to save for a secure retirement, and receive advice that is in their best interest, we firmly believe it is in everyone's best interest to get the Rule and implementation done correctly to minimize market disruption and ongoing consumer confusion.

Sincerely,

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