August, 3 2017

Office of Exemption and Determination
U.S Labor Department
200 Constitution Ave NW, suite 400
Washington, DC 20001

Dear Secretary Acosta,

Please accept both my and the Financial Services Industries appreciation for an additional comment period with regard to the Fiduciary Rule. I would like to specifically address question number 16 pertaining to Grandfathering of existing IRA accounts.

Over the past 15 years many of my clients have implemented investment strategies using The American Funds Mutual Fund Family to be specific. The reason for this fund family being recommended in many instances is due to their long-term track record of beating their respective indexes, active professional money management along with low annual expense ratios. Yes, these clients did pay an upfront sales charge and the intention has always been that these investments are to be bought and held for the long term. Over the years, if a client needed to rebalance the portfolio, we could do that at no additional cost within the American Funds line up.

Over the past several years the industry has had a push to a managed account platform and this has been accelerated because of the Fiduciary Rule. It seems that firms love this idea, since it will add more steady revenue to their bottom line. I feel very strongly that if a client has investments that they purchased for a buy and hold strategy, they should still be able to keep the assets in place and still allow the Advisor to provide service, without the fear of the account being Ungrandfathered. In addition, it is in the best interest of the client and the industry to still allow the Advisor to be compensated through the 12b1 fee, as this income allows the Advisor to be compensated for providing ongoing service.

Based on what I am seeing in the market place, there is an abuse taking place of good quality mutual funds owned in IRA's being moved into managed accounts from Advisors own books of business. These managed accounts may have substantially higher annual expenses due to the advisor fees that are in most instances substantially higher than a 12b1 fee. Also, many firms are charging their own firm fee on the assets, which on smaller accounts can be as high as .30 or .40 basis points. So, if you add a typical Advisor fee of 1.0 % plus a firm fee of .30% the client is now paying 1.3% and this does not include the cost of the investment itself. The average expense ratio of the above-mentioned fund family is closer to .60 or .70 basis points depending on the specific funds and some funds are even lower. If you take the above math over time, I can only advocate for allowing good quality mutual funds in IRA's continue to be serviced and purchased the way they have been. Certainly, competitive pressures will bring down the sales charges and expense ratios over time and this will be good for the consumer.

I am urging the Department of Labor to allow existing IRA accounts to be able to be rebalanced, have additional assets added (if in the client's best interest) and allow ongoing service without the clients and Advisors fear of the account being Ungradfathered.

The failure to do this is going to put clients at a tremendous disadvantage, since they may not be able to receive the guidance they need and deserve. This will also create the unintended consequence of existing IRA's being moved into managed accounts with higher fees.

There are aspects of The Fiduciary Rule that make perfect sense and I do support the general theme of the rule. I just wanted to point out one specific area that may not have been thought through at a deep level.

Thank you for allowing me the opportunity to share my thoughts and concerns and look forward to seeing the final version after all comments have been reviewed and considered.

Yours sincerely,

Evan Fabricant CLU, ChFC