From: Travis Magnuson <Travis.Magnuson@sunderlandgroup.com>
Sent: Thursday, January 19, 2017 10:55 AM
To: e-OED
Subject: comments to IMO exemption

The purpose of the communication is to comment on the recent exemption that the DOL has commented on in regards to IMO's obtaining exemption. Specifically, that IMO's need to reserve 1% of annuity assets and need to have written $1.5 Billion in premium the previous 3 years. Has the DOL thought out the unintended consequences of the overall ruling and in addition the specifics to such an IMO exemption? It is clear to many, including myself, that the overall goal of trying to protect consumers and make sure they receiving advice that is in their best interest will be compromised. By forcing advisors to work through a Financial Institution (Bank, B/D, RIA, Insurance company that has accepted FI status, or particular IMO), clients are truly the ones that suffer. The indirect result is that advisors, reps, and insurance professionals have to choose who they want to affiliate with on the front end. Not all Financial Institutions will have agreements with all product manufacturers, distributors, and vendors so in effect a client may be getting inferior product solutions when it comes to Fixed Indexed annuities. For example, an advisor may choose to align himself with one of the aforementioned Financial Institutions however that institution may only have agreements with 5-6 different carriers. The reality is that the most appropriate Fixed Indexed Annuity based on that specific client's needs/objectives may not be a product that is with one of those 5-6 carriers. In effect, the exact goal that the DOL was hoping to accomplish (by doing what's in the best interest of the client) has been compromised and diminished. Although I agree with the overall spirit of the rule, the unintended consequences of actually making this rule will undoubtedly have negative effects on the industry and clients specifically. Wouldn't' the DOL want consumers to have access to all the available options so an advisor can meet there unique needs? Under the current setting, that will not happen.

In addition, this email is not intended to address the topics that have been covered numerous times in regard to Middle America not receiving advice. This ruling creates a litigious environment, one so much that clients with accounts under $100k in assets will have a more difficult time in obtaining professional advice as advisors and their firms will undoubtedly not assume the risk of litigation for smaller accounts. However, even though that is not the purpose of this communication, it is a significantly important piece of the puzzle.

My final comment has to do with another aspect of unintended consequences. Does the DOL have any idea how many jobs, careers, and livelihoods will be affected by such a ruling? Because of the reserve requirements and $1.5 Billion dollar IMO requirement, the majority of the IMO's won't be able to operate in the space they did previously. An unfathomable amount of experienced and professional people that help give advice to consumers will no longer be able keep their jobs at the IMO level, insurance carrier level, and advisor levels because of the overall ruling and exemptions.

In conclusion, it is of my opinion that although the spirit of the DOL fiduciary rule and these exemptions was commendable, the implementation was and is shortsighted and the overall effects to the industry and consumers will be severely detrimental.

Thank you for your consideration of my comments.

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