

## DOL to be Applauded on New Investment Advice 408 (b)(2) rules

I want to lend my strong support to the DOL proposed rules that will help put billions back in participants pockets for retirement by making plans go to higher quality lower fee investments, while giving them more higher quality independent advice. Opponents are trying to divert attention away from the real issues "fees and fiduciary duty", by going off on tangents on active vs. passive, and the big bad government dictating investment strategies. .

I think the DOL is underestimating the net \$6 billion benefit to participants. I think it could be double or triple that, driven primarily by the lower fees that independent oversight will drive. By adding trust and confidence into the system it could encourage higher contributions by participants which would have billions in positive impact.

In the final rules I think the DOL needs to more clearly separate and clarify the independent investment advice to plan sponsors and independent advice to plan participants. I feel the bulk (80%+) of the benefit comes from the higher transparency and independence standards on the plan sponsors as they select investment managers.

For example a plan with a conflicted broker consultant may offer an active stock fund at a fee of 150 basis points and an index fund at 70 basis points. A plan with an independent consultant offers the same active stock fund at 90 basis points and an index fund at 20 basis points. An advisor to participants if they have bad choices at the plan level cannot correctly do their job.

Lobbyists for the fund industry and insurance industry are coming up with their own spin to protect their excessive fees and total lack of fiduciary responsibility. I hear the insurance lobby is trying to get an exemption for their high fee general account and separate account Stable value products. These products have hidden fees as much as 150 basis points that are not disclosed. The DOL must resist any overtures from the insurance industry to exempt or grandfather these high risk, high fee products. If these single entity credit risk products are exempted in any way the DOL is implicitly backing "Too big to fail" status on insurance companies and adding risk to the system.

Another false criticism lobbyists will claim is that people will get less advice. Let's say you go to buy a used car. Would it be more access to advice if you got to talk to 5 different used car salesmen on the same lot all trying to sell you the same cars. Do you think if you talked to 100 used car salesmen that you would come away with a better car? It comes down to my opinion that anyone who is conflicted is just selling not giving advice, so that under that definition the new DOL Regulations leads to much more real independent advice.

I agree with the following statement from the ASPPA letter to the DOL. "Just because a given portfolio is diversified does not make it prudent if it is also expensive and riddled with conflicts of interest for the manager. The fact that a given investment is less expensive than another competing investment is meaningless if that original investment is not appropriate for a given investor or portfolio."

This goes back to the focus at the plan level is the key, and that advice on the participant level is meaningless if the choices available are all flawed.

This new DOL rule if enacted as proposed with clarified direction for plans would add real lasting value for the entire private retirement system and its participants.

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