From: bjlwhitleys@juno.com [mailto:bjlwhitleys@juno.com]
Sent: Thursday, September 17, 2015 2:00 PM
To: EBSA, E-ORI - EBSA
Cc: michelle.singletary@washpost.com
Subject: RIN1210-AB32

As a 21 year member of The National Association of Insurance & Financial Advisers (NAIFA), I have obviously been lobbied on the "fiduciary vs suitability" proposal. I hold Series 6, 63, and 65 securities licenses as well as a Florida Life & Health insurance license, so I am already subject to both requirements. I do believe, however, that everyone is missing the real objective.

For those who are familiar with the branches of the military, you know that all training, procedures, planning, and execution is directed towards "achieving the mission". We call it "objectives" in our business. I believe that focusing on the best financial advice and products to achieve a client's objectives should be our true goal.

I have worked in the financial services industry since 1973 and have learned that, other than investing in one's own company or business, there are basically four reasons why people save/invest money. The first is for a specific purpose like an emergency fund, a down payment for a home, saving for college, vacations, holidays, birthdays, taxes, insurance, etc. An account is usually established for that purpose and then spent on that purpose when the time comes. I think this first reason requires savings/investment accounts with more safety and guarantees. There is little sense in assuming much risk, unless you have a long term time horizon, i.e college savings account for a newborn.

The second reason is to provide future income when one is no longer able or desires to work, i.e retirement. This accounts for the bulk of the invested dollars in our country today, and is the most important. We are living longer as a population and most lack the old fashion pension plan to pay our bills after we retire (voluntarily or involuntarily). Advisers and consumers should both change their focus from the old ROI (return on investment) to the new ROI (reliability of income). I believe you can define the objective of retirement planning in three words, "enough lifetime income". We will be less concerned about the balance in our 401K or IRA account than we will about the amount of income it will pay us for the rest of our (and our spouse's) life. There are only three sources of guaranteed lifetime income - Social Security, the old fashion pension plan, and life insurance annuities in several forms (SPIAs and those with income riders). Raising the costs of providing these annuity products would not be good governmental policy.

The third reason (only after enough money has been allocated to meet the first two objectives), is to pass to our heirs or charities because we are so inclined. This objective allows for for more aggressiveness, but should also consider time horizon, risk tolerance, taxation, and guarantees demanded by the heirs or charities.

The only other (4th) reason I can think of is to just see how much money we can make in the market or speculate, i.e Gordon Gecko in the movie "Wall Street". This objective allows for as much aggressiveness as anyone's risk tolerance will tolerate. Greed has no boundaries and deserves no rescue.

Once an adviser determines the client's true objective, then they should narrow down the appropriate investment options for that purpose and decide which one is most likely to achieve the objective. There are appropriate products for each of these reasons. I suspect that most of the cases where investors file complaints about their investment failures are due to picking products to meet the fourth category objective when they should be picking products that will meet one of the other three objectives. We all must remember that risk and return go hand in hand. I have read several reports that indicate more money being lost by Registered Investment Advisers under the fiduciary requirement than agent/brokers under the suitability requirement. So who should you crack down on the most?

Regulators might want to consider the military approach of "achieving the objective" when finalizing their reforms, remembering that when you get away from the guarantees in bank and insurance products, there are no guarantees. Even with diversification, asset allocation, rebalancing, Monte Carlo simulations, and all the other money management strategies, no one has developed a crystal ball to predict the future. Otherwise, it would be on sale at Walmart, and all advisers and investors would have one.

Bobby Whitley, LUTCF
7223 S. Leewynn Dr.
Sarasota, Fl 34240
(941) 379-3764
bjlwhitleys@juno.com
www.bwhitleyfinancial.com (temporarily closed until new Broker/Dealer is finalized, hopefully, by end of month)