PRIMERICA

Office of the General Counsel

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Via Electronic Mail to e-ORI@dol.gov

Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Fiduciary Definition Hearing, Room N-5655
U.S. Department of Labor
202 Constitution Avenue, NW
Washington, DC 20210

Re: Fiduciary Definition Hearing

Dear Mr. Wong and Ms. Grillo-Chope:

This request to testify at the above-noted hearing is submitted by PFS Investments Inc. ("PFSI"), a registered broker-dealer and an indirect wholly-owned subsidiary of Primerica, Inc. ("Primerica"), a financial services company that is publicly-traded on the NYSE.[1] PFSI has filed a comment regarding the U.S. Department of Labor's ("Department") proposal to amend the definition of "fiduciary" ("Proposal") that expresses in detail our concern that the proposed definition, as applied to Internal Revenue Code § 4975, would have serious adverse consequences for middle-income consumers attempting to save for retirement or their children's education. The following are some of the key topics that PFSI would like to address at the hearing.

- Middle-income consumers, defined by us to include households with $30,000 to $100,000 in annual income, represent approximately 50% of all U.S. households. It is widely acknowledged that insufficient retirement savings among middle-income consumers has reached a critical level.

- Commission-based individual retirement accounts ("IRA") are a popular choice for middle-income consumers saving for retirement.

- The Proposal will make broker-dealers that serve the IRA market "fiduciaries" and subject to the prohibited transaction rules of IRC § 4975(c)(1)(E) and (F). Application of those rules to broker-dealers would substantially undermine their ability to receive and retain certain types of compensation paid by third parties (product providers and their affiliates) in connection with transactions involving assets in IRAs and Coverdell education savings accounts ("Coverdells").

[1] Under the ticker symbol "PRI."

- Because PFSI, and we believe other firms, that endeavor to serve the middle-income market, depend on such compensation to help defray the costs of delivering services to their customers, PFSI and such other firms would be required to substantially restructure their businesses to account for the loss of such revenue.

- Without such revenue, some broker-dealers that serve the middle-income market would have to raise account minimums and significantly increase account fees for IRAs and Coverdells. Others may simply choose to stop providing services to this already underserved market. These actions would further limit the options open to middle-income consumers attempting to save for retirement or the education of their children.

- With the curtailment of the commission-based IRA account, many middle-income consumers will turn to fee-only advisory services. But because fee only investment advisers typically require higher minimum account balances than commission-based IRAs, many middle-income consumers will be unable to access their services.

- For many middle-income consumers that are buy-and-hold investors, a fee-only advisory service will often prove to be a more expensive investment alternative.

- For these reasons, it is our view that the Proposal would end up substantially reducing the investment options available to middle-income retail consumers for their retirement and educational savings and have the unintended consequence of exacerbating the national crisis that is the lack of sufficient retirement savings among middle-income consumers.

- Because of the SEC's ongoing efforts to harmonize the standard of care between broker-dealers and investment advisers, adopting the Proposal without coordinating with the SEC could lead to confusion and widespread disruption in the IRA marketplace.

- To protect the interests of middle-income consumers, we urge the Department to carve out IRAs and Coverdells from the Proposal, and then to coordinate with the SEC in an effort to determine whether it is in the best interests of consumers to harmonize the treatment of these accounts with the most recent expression of Congressional intent, set forth in section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Given the substantial impact of the Proposal, PFSI applauds the Department's decision to hold a hearing and provide a forum for the many concerned stakeholders to participate in the rulemaking process. Peter Schneider, General Counsel of Primerica, and I look forward to the opportunity to testify and offer recommendations that we believe will advance the goal of protecting investors without restricting cost-effective access to brokerage services and investment advice for middle-income families. Thank you for your consideration of our request.

Very Truly Yours,

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