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From: Postmaster [mailto:postmaster@annuityally.com]  
Sent: Friday, May 14, 2010 7:59 PM  
To: EBSA, E-ORI - EBSA  
Subject: Investment advice-proposed Rule/s

I will appreciate consideration in your deliberations to the comments and suggestions that I offer. I have spent four decades in the financial services industry as a sales person, as well as a senior executive, compliance director, principal and business owner, and feel that your evaluations of proposed suggestions may be aided by some of the observations and thoughts that I might add.

First and foremost, changes should not be guided by the Mutual Fund industry, Wall Street firms, nor the insurance industry, but, instead, should lean heavily upon the testimony, within Focus Groups, upon the experiences of retirement plan participants. As with anything else, if you "follow the money" you will be able to identify the taint of opinion that it creates.

Second: A major flaw in the system today is that it was engineered by the Mutual fund Industry and Wall Street, and is self-serving in all respects. There are inherent flaws, intentionally built into "packaged", pre-fabricated, "model" plans that most employers are forced to use. All of them have limited choices, defining investment risk, to the family of funds that are offered by the Fund provider, or, the products being promoted by the securities firm that is offering the "prototype" plan being used. In most cases, as to the latter, the plan is being overseen by an RIA, or a Registered Representative who is an RIA representative, who derives a management fee, based upon assets under management. The assets under management generally exclude, or should exclude, short term Treasury instruments or notes as well as money-market funds or "near cash" instruments. Also, the "Advisor" will generally only allow investment into a select product group such as: Exchange traded funds, No-Load mutual funds, or ETF's of a limited variety. In addition, the structure of the plan generally does not allow the employee the option, if they desire, to withdraw funds from the account, as an "in-service withdrawal", so that those funds can be rolled into a "Guaranteed Plan", through an individual IRA, such as a Fixed or fixed-indexed annuity. Why, because the "Advisor" would receive no continuing stream of fees on those funds. But, the travesty is that the employee, without this flexibility of asset allocation, is being forced, and coerced, into funding at-risk investment vehicles. The visible result was, most recently, the Billions of dollars lost in the value of these accounts, in 2008. To add insult to injury, that came on the heels of the debacle of 200-2003, that these accounts were only partially recovered from.

Third: The Rule must contain a mandate that employer plans must contain an "in-service withdrawal" provision for the employee. Then, from that beginning point, meaningful guidelines, including full disclosure by salespeople, mutual funds and securities firms, in conjunction with guidelines as to what instruments must be made available to plan participants, in generic form, which include "insured/guaranteed" products, for which the prototype plan sponsor is not being compensated for the "management of". Insurance companies must be encouraged to design more "insured" products to offer to potential employee-clients, and existing plans must be modified to allow for this flexibility and choice to the employee. Recently, a Federal court ruling held that employers could be held liable for losses in value of these accounts if they did not offer suitable options that avoid risk, to the employee participants.

In order to provide for choice, safety of principal, and fairness to the employee, the plans need to change and those who counsel employees need be tempered in their sales efforts, as are sales persons who sell Medicare products. This is a huge business and the vested interests who profit from it will oppose any change of the status-quo, but change it must, if employees are to be given the opportunity to help build their own retirement assets, safely, and by their own design.

If I can answer any questions regarding this missive, please feel free to call.

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