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Submitter Information

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General Comment

I am fairly knowledgeable about investing in stocks and bonds. I have managed my own brokerage account, IRA and 401(k) investments for over thirty years and prepared for this by reading many investment publications/sites. Additionally, I earned a certificate in Personal Financial Planning from the University of California - Irvine, and successfully passed the two-day qualifying examination to become a Certified Financial Planner (CFP). I did not achieve the CFP certification because I work in a different profession, learning about investing mainly for personal interest and benefit. I describe all this to indicate that my level of knowledge and experience in this area is above average for a retirement investor, and to provide context for my comments.

I have read the proposed DOL Rule changes and find them to be reasonable, in the interest of retirement investors, and consistent with retirement advisors making reasonable income from advising in a fiduciary capacity, as is done in other investment advice roles.

It is my opinion from talking to colleagues, friends and relatives about investments over time that the typical retirement investor has relatively low knowledge and/or sophistication in the area of selecting and managing investments, increasingly requiring them to seek professional advice in this area. As pensions continue to diminish as a meaningful source of retirees' income their retirement investments have become increasingly critical to not outliving their assets or significantly curtailing their lifestyle in retirement. This makes retirement investment advice increasingly important, as well as less tolerant of incompetent or conflicted advice, or high fees.

It is also my anecdotal observation that many retirement investors make the flawed assumption that retirement investment advisors generally function as fiduciaries. I speculate that this leads many retirement investors to be more accepting of and less vigilant about such advice than is in their best interests. Additionally, many investors are not aware of the significant cumulative erosion in account value that nominally 'small' percentage advisory fees, commissions and other costs can have on their retirement account value. This can be a pernicious drag on their retirement assets if their advisor's compensation arrangement is conflicted.

Retirement account investment advice/guidance is arguably one of the most important factors determining the financial success of American citizens' retirement. As such, it is entirely appropriate that all people providing such advice be required to do so in a manner that puts their client's interests first, not their own. If retirement advisors object to meeting such a standard that objection, alone, emphasizes the need for this requirement.