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To: EBSA, E-ORI - EBSA
Cc: Matthew Watts; Scott Stolz; Vanessa Marcos
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It is my understanding that you are interested in real life examples of uses of annuities in IRAs. I can use myself as an example of the value of an annuity in retirement income planning. I have rolled over funds from my 401k to my IRA specifically to purchase a variable and a fixed indexed annuity with guaranteed withdrawal riders. Why? I remember 2008. I am within a few years of retirement and don't want to experience a market correction that could dramatically affect my retirement income. A market correction at the wrong time could decimate my retirement plans. The expenses I pay on my annuities is the same my clients pay. Why would I pay the additional fees? Because of the additional benefits. I use the analogy that I could buy liability insurance only on my vehicle rather than pay the additional expense of collision insurance, but the risk is too great. If I should wreck my car the additional expense of collision insurance is worth the benefit of the insurance company replacing my vehicle. And the risk of my retirement income plan blowing up would have a much greater negative economic effect than the loss of a single vehicle. From the perspective of me making so much more on the variable annuity, the commission paid on the variable annuity is actually less than many mutual funds. Whether I invest in mutual funds, variable annuities, or CDs, there is a cost. The DOL wouldn't expect a doctor, lawyer, or CPA to work for free. Why shouldn't an advisor get paid for their services and expertise? A large part of our job is educating the client on the investments and help them determine what financial product is best for them. Built into the service provided to the client is integrity. We already do what we feel is in the clients best interest. Just because there is a financial product out there that would pay me more doesn't mean that's the automatic choice I'll make. We have a moral and a fiduciary responsibility to the client.

I know you interested in client real life examples. Yes, I have them...as most advisors do. Last week I met with a widow that received a death benefit of about 50% more than the account value at her husband's death. I'd say the additional cost was worth it to her. It still served her well. Two weeks before that I met with a widow whose husband had guaranteed her retirement income for the rest of her life by owning annuities with Guaranteed Minimum Income Benefit and Guaranteed Minimum Withdrawal Benefit riders. She would not have had the level of retirement income she currently enjoys had it not been for his thoughtful purchase of those annuities. It was a viable investment for the client's purpose. Those stories go on and on. I wouldn't disclose my clients names as financial information is about as personal as you get. I would be happy to have my name and story disclosed, and I'd hope the DOL wouldn't view it as "one of those self-serving Financial Advisors" saying anything to take advantage of the client...even though the client is me. I will happily provide more input when I can, but I am protective of my clients and their privacy.

Thank you for your time in reading this correspondence.

Rick

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