July 20, 2015

Secretary of Labor Thomas Perez
US Department of Labor
200 Constitution Avenue
Washington, DC 20210

Re: Rule Proposal to Address Conflicts of Interest in Investment Advice

Dear Mr. Secretary,

I am writing to urge you to revise your proposal to the financial services and insurance industries to address conflicts of interest in retirement advice by requiring brokers, insurance agents and other types of advisers to abide by the ERISA fiduciary standard when giving retirement advice.

Having read your Fact Sheet on this issue, I can understand why the Department of Labor feels that reform is justified. You are concerned that some compensation structures foster conflicts of interest, and you are concerned that conflicts of interest negatively affect retirement account performance in a material way.

As a compliance professional in the investment and insurance industry with over 25 years of experience, including part of it working for a regulator in Washington, my reaction to the proposal is that it is too broad. I encourage you to work with the industry and other stakeholders to adopt a "best interests" standard for retirement advice which does not pull the rug out from under the many firms which are good actors--companies which successfully police sales practices representing conflicts of interest and have strong suitability systems in place. There is not only one solution to the problems the Department has identified, but I'm concerned your proposal to apply ERISA standards to registered persons and insurance agents will operate like a massive hammer and break apart practices, systems and compensation structures which are not inherently flawed.

I'm worried that the proposal will be unnecessarily disruptive. There are many highly legitimate insurance products (products which can help stabilize an investor's portfolio) for which they can only be realistically sold by commission, because the products may be designed to spend down assets at the same time as they are providing vital guarantees. The proposal would also create a threat to the sale of proprietary products, forcing them to be evaluated solely on the basis of cost, even if there are compelling reasons to believe in specific cases that the proprietary products are among the best in the industry, and the most protective toward the client.

The Department's Fact Sheet relies heavily on a study indicating that conflicts of interest may cost investors 1% off their portfolio performance. But in my experience there are other factors, such as Asset Allocation and investor behavior during volatile markets, which have a much greater impact on portfolio performance. This means that small investors need better investment education, but the costs and risks of implementing the Department's proposal may make it harder for millions of smaller investors to get effective retirement planning advice.

The proposal is a blunt instrument because it views certain practices, systems and policies as **inherently** conflicts of interest. But that reasoning may be flawed, it overrides the internal systems firms have in a self-regulatory system to police themselves, and so I hope you will work further with stakeholders to revise your proposal to be more narrowly tailored.

Sincerely, .

Jed D. Posnick

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