

PUBLIC SUBMISSION

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Proposed Amendment to Prohibited Transaction Exemption 84-24

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General Comment

As many have already stated, the DOL is looking for a problem to their solution. The DOL clearly does not understand that the vast majority of financial advisors operate now under strict guidance from compliance officers who enforce company policies and directives of working in the client's best interest when presenting insurance, annuity and investment products. Notwithstanding the high moral imperatives adhered to by the majority of the industry, financial advisors are entitled to earn commissions based on supply and demand of products and services they offer. Unlike in the real estate industry, the client does not pay the commission to the advisor. Rather, the providers pay the advisor commissions so they can reduce their sales and marketing costs to the benefit of the consumer. The intensively competitive market compels providers to continually innovate to improve how their products and services earn more for the end users. Much higher costs will dramatically discourage innovation. Clients will seek services of foreign companies whose products will be better able to grow and protect their capital. Who benefits, wealthy investors whose advisors will direct their clients in their best financial interests. Advisory services which are highly valued by the public would only be available to high income clients with sufficient resources for managed programs. The average investor will have to settle for inferior products as they do with health care insurance unless they can afford higher premiums. Another unfortunate of example of government regulation on business that hurts people they intend to help.

The DOL is trying to show that they can be progressive in the face of political pressure by unfairly targeting financial advisors. Why can hospitals charge hundreds of dollars for a dose of Tylenol, oil producers control the price we pay for energy, defense contractors overcharge the government by billions of dollars? They have political clout that allows them to gain an unfair advantage.