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Submitter Information

Name: Mark Ivcevich
Address:
6930 Carroll Avenue, Ste. 402
Takoma Park, MD, 20912
Email: info@qp-consulting.com
Phone: 301-326-1521

General Comment

Our firm currently operates as a registered investment advisory firm and our primary advisory service is providing guidance and advice to plan sponsors of small firms as well as educating their participants on appropriate savings rates, investments, and income needs in retirement. In limited instances, we provide portfolio management services to employees either on assets not in the retirement plan (spousal retirement assets, IRA rollovers, etc). We work on a fixed fee for our services with a contract for those services and the fees clearly delineated with no revenue coming from third parties. The problem is our fee is typically more when we work for an individual because the services we provide are different and the assets we provide advice on are smaller (individual vs. institution). Under this new regulation, we would be unable to do this. I'll provide two very simple examples where this harms the participant. In real life scenario one, the participant retires. The company they worked at had recordkeeping and advisory fees paid out of plan assets. The cost of those two fees came to .60% of assets. Of this, our fee was .25% on the company retirement plan. Our fee for working on this account for an individual is .50%. The reason we recommended rolling into an IRA was three-fold, 1) The IRA did not have as high of transaction fees when the IRA holder needed money (or had to distribute money in the case of required minimum distributions), 2) The IRA allowed us to rebalance spousal assets across multiple accounts, 3) The net fee effect to the participant was a cost savings on the transaction side as well as a savings of .10% because the aggregate fees were going from .60% to .50%. Unfortunately in the new regulation, we would not be able to work with this employee who has developed trust in our process over the years because even though our recommendation saves them money, it makes us more money (.50% vs. .25%). Even in scenarios where the opposite is true, we clearly outline any additional fees they would be taking on and in many cases, the added cost is worth the benefit of having aggregate account rebalancing and easier access to their money without having to go to their prior employer for distributions. The best interest contract does not allow an exemption in this situation and this directly hurts those investors and would be too onerous for us to continue to provide this service. In scenario two, I'll take the same case example from scenario one. If I am no longer allowed to work with this individual, I now have to deny their business and turn them lose to a myriad of brokers and insurance agents who can now sell them commissioned based products or wrap accounts with much greater fees simply because they were not also advising on the employers retirement plan. I fail to see how this benefits already confused investors. I would reiterate that this is not a big part of our firms business and we already operate as a fiduciary but we feel these problems with the regulation need to be addressed in the final version because these are real world scenarios we run into all the time and they will impact small investors.