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General Comment

The new Fiduciary Rule forced my wife and me into a choice between investing IRA cash balances in the market at a historic high (before June 9), or moving it to a fee-based account that would cost us 1.25%, per year. We were holding cash out of the market in anticipation of a correction, at which point we would invest. This rule forced our hand.

Our IRAs are with a nationwide company with thousands of offices. It's not a mom and pop with no oversight. We have enough money invested with them in a large fund company that further investments with that fund company cost us nothing -- no up-front charge. We could and did regularly rebalance within our IRAs at no cost. The only cost was the fund management fees, which are typically around 0.5%.

The Fiduciary Rule caused our existing IRAs to be "grandfathered," meaning no rebalancing could take place inside them, and no cash they generated could be reinvested within them. To invest the IRA cash, we would have to open a fee-based account.

So the effect for us was, invest all our IRA cash at a market high, or move it to a fee-based account. In effect, it's a 1.25% penalty imposed on us on all future cash generated within our IRAs. Plus the negative effect of investing at a market high.

Cui bono? Not us. Investment companies will make more money on fees. The government will collect more taxes on those fees. And load-charging fund companies will take a hit because their front-end load, along with the account fee, will have a harder time competing with no-load funds.

Was all this intentional?

I see this rule as an improper intrusion into the public's right to invest as it chooses. It diminishes the advantage of investing in an IRA and will likely discourage some younger investors from putting money into IRAs, which is a public-policy issue. They might reasonably see this rule as evidence that their money will in future be subject to unpredictable and peremptory rule changes.