



Webinar: The DOL Ruling

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Jeff Bush

A dynamic and insightful speaker and author, Jeff Bush is known for his unique ability to translate difficult and confusing tax and fiscal information coming out of Washington D.C. into winning growth strategies for business owners, executives and high net worth investors. Jeff is a colleague of Andy Friedman and an integral part of The Washington Update, the industry's NONPARTISAN experts on all things Washington.

Jeff presents more than 200 times yearly in the US and abroad to a client base that includes a who's who list of fortune 500 firms from Wall Street to Main Street and everywhere in between.

Jeff is a 28-year veteran of the financial industry. By the end of his career on Wall Street, he was managing a \$50+ sales billion business. Before that, Jeff was the youngest managing partner in the 150-year history of The New England Financial.

Jeff is considered Wall Street's Washington Insider and, politically speaking, Jeff is known for being America's foremost equal opportunity offender.



Presented by: Jeff Bush

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DOL Fiduciary Rule

Today, [I am] taking a step to crack down on those Wall Street brokers who benefit from backdoor payments or hidden fees and don't put the best interest of working and middle class families first."

President Obama, in a speech at AARP Headquarters
(February 2015)

DOL Fiduciary Rule – General Rule

- ***BD interpretation of these rules***
- Talking about IRA (any and all IRAs) accounts and small 401k.
- Fee based IRA accounts-
 - Fee-based comp only (typically a fixed percent of asset values).
 - ***If BD offers multiple platforms***, may need to be consolidated.
 - ***Rollovers to IRA remain subject to the full DOL rules.***
- Differential compensation allowed under an exemption.

DOL Fiduciary Rule – “BIC Exemption”

- **Permits payment of traditional compensation**, such as commissions, trails, sales loads, 12b-1 fees, and revenue-sharing payments.
- ***Grandfathered compensation*** for existing relationships.
- Advisors are **not required to recommend lowest fee product** where other investment choices are beneficial for countervailing reasons.
- **Compensation paid to advisor must be “reasonable”**.

DOL Fiduciary Rule – “BIC Exemption”

- **Product level compensation** allowed.
- Differential compensation is permissible if based on “neutral factors”, ie. ***specialized expertise*** or ***greater sale time is required*** for product placement.
- Client & advisor enter into a detailed **contractual relationship *at account opening***. (Previous advice must comply).
- **Negative consent** for existing client relationships.

DOL Fiduciary Rule – “BIC Exemption”

- ***Fixed Indexed are now a part of BICE.*** Fixed rate annuities continue to be largely exempt.
- **Client retains a *non-waivable*** right to later bring class action suit, bypassing arbitration.

DOL Fiduciary Rule – 401(k) rollovers

- Acknowledges that **IRA might have advantages over 401(k)** that countervail higher fees, such as greater investment options or a higher degree of personalized service.
- **Advisor must document** factors that, in the client's case, support leaving the investments in the plan, as well as the benefits of taking a distribution.

DOL Fiduciary Rule - Prognosis

- **April 2017 for phase 1 compliance**
- **Legislation**
- **Litigation**

TO STAY CURRENT



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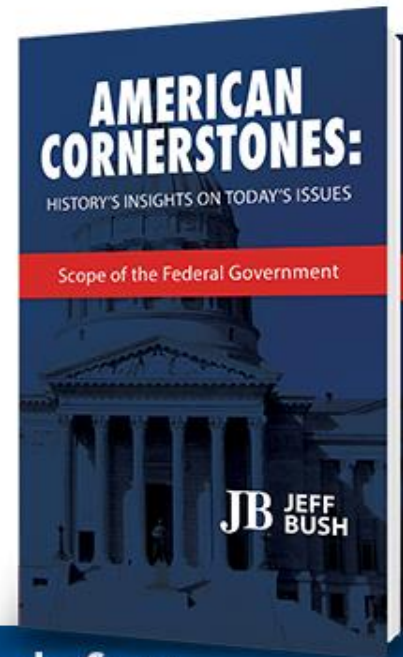


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