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Hearing on the Department of Labor's Proposed Fiduciary Rule

Before the Subcommittee on Oversight of the House Ways and Means Committee

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Chairman Roskam, Ranking Member Lewis, and Members of the Committee, I am Judy VanArsdale, co-owner of enRich Private Wealth Management and a financial advisor affiliated with LPL Financial. My business is based in the Chicago area. I am excited to discuss the work I do every day to help my clients save for their futures and to highlight the ways in which the DOL proposed fiduciary rule could impact my work and the ability of millions of Americans to save for their retirement.

I. Introduction

From young teachers to folks in retirement; the one thing my clients have in common is that they want to be proactive and engaged in the creation of their financial plans and goals.

I am proud that my small business is able to make a difference in the lives of so many individual investors.

II. Support for the Best Interest Standard

I believe firmly in the best interest standard. In my mind, this has never been the debate.

My concern is that the DOL's proposed rule could create unintended consequences that would make it harder for me to provide the services that I currently offer and harder for my clients to access my advice.

Here is why. In order for me to serve my retirement clients using the brokerage model, I would have to satisfy the requirements of the DOL's proposed Best Interest Contract (BIC) exemption. Based on my understanding of the BIC, satisfying its requirements would be very challenging, and would create problematic new liabilities.

The sad reality is that if I am unable to use the BIC exemption, my clients with small accounts could be hurt. Those clients may not have access to advisory services because their accounts are small. If they lose access to brokerage services, they may lose the ability to get personal assistance with their retirement accounts.

III. How I Serve My Clients Today

It might be helpful to describe how I interact with my clients today.

During my first meeting with a potential client, I learn about the client's complete financial picture. I will ask about her goals and aspirations – purchase a home, children's education, retirement ... I encourage potential clients to ask me how and why I should be paid, what happens if the market plunges, how will they protect themselves from the rising costs of healthcare, and other questions.

If the relationship is a fit, I will recommend an investment strategy that will help my client pursue her goal and try to stay in close contact with her because it is important to know what is going on in her life.

IV. How the Proposed Rule Could Hurt Access to Financial Advice

If the DOL implements its rule proposal in anything close to its current form, I might not be able to serve clients with small accounts with respect to their retirement needs. I believe in clear simple disclosure; the BIC exemption requires many costly complicated disclosures and requirements. The lack of clarity in the rule proposal and the new exposure to class actions under state law creates an increased risk of litigation. I am a small business owner and I employ five women in my office. I have great concern over subjecting my business to increased business and litigation risk.

Without a workable solution, small businesses like mine may not feel comfortable using the BIC exemption, and we would be restricted from serving my smaller retirement brokerage accounts.

The DOL offers robo adviser services as an option for small investors. If the proposed rule is implemented, what would happen to the man in his fifties who recently contacted me about the

anticipated changes to the Illinois pension system? He thought his pension would be enough for retirement, but realized it is not. I was able to get him started on a savings plan. Would the robo advisor understand the complexities of that man's situation?

Indeed, during the market volatility event in August, I spoke with many clients concerned about their accounts. Could a robo advisor help clients who want to cash out accounts when the market drops? Could a robo advisor help a young investor set up an IRA, and figure out how to save additional funds so she can move out of her parent's home? Could a robo advisor help the woman who at 53 finds herself a widow? An algorithm does not take into account the need for human interaction and understanding, and sometimes my investors just need to know I can help in a time of personal crisis.

V. A Way Forward

As I have said before, I believe in a best interest standard. I also believe the challenges with respect to the proposed DOL rule may be effectively resolved either through significant revision or legislatively in a bipartisan manner, requiring clear and understandable disclosures.

VI. Conclusion

This is my life's work, and I have a great passion for what I do. As many have said before me, we are now at a moment of great opportunity. Let's all work together to craft a fiduciary rule that is workable and protects the best interest of all investors.

Thank you so much for your time.