

Dear Ms. Morris:

I work as a registered representative providing mutual funds and other investments and insurance.

I agree with the NAIFA position presented below regarding the proposed changes to 12b-1 fees. I receive a number of service-related calls from mutual fund clients who require my help, either due to changes in their financial picture or personal lives, or because they would like to be more involved in the investment process. These calls currently comprise about 1/10 of my work time. I would need to charge an hourly fee to make up for the 12b-1 fee elimination. This fee would likely be higher to the client than the 12b-1 fees they are currently paying out. Also, clients who need more of my time in servicing their accounts are often not those who can most afford to pay an hourly fee. It makes sense that the fees are proportionate to the value of the assets held.

I absolutely support clear disclosure of the fees and their purpose.

In return for providing ongoing service and continuing advice to my clients regarding their investments, I receive trailing compensation much in the same way that insurance agents receive renewal commissions on the life insurance policies they sell. This trailing compensation is typically paid under a written plan adopted pursuant to SEC Rule 12b-1.

The amount of this compensation is relatively modest; on a \$10,000 investment in a mutual fund's "A" shares, the annual "12b-1 fee" that is paid for providing ongoing service equals 25 basis points, or \$25. Investors receive substantial value for these fees--in exchange for a small annual payment, they have access to a financial services expert to answer their questions and address their concerns. Without their advisor, investors would have nowhere to turn to (except for perhaps a stranger at the end of a 1-800 phone number) when they needed some reassurance in a shaky market or assistance in rebalancing their portfolios, understanding their investments and the investment choices available.

I believe the elimination of 12b-1 fees would do considerable harm to those investors who need and want ongoing investment planning advice and counsel. A significant majority of my clients expect our office to be available and to respond quickly to a variety of questions regarding their investments. I have never received complaints from my clients about the small amounts they are charged for the services I provide to them. My clients expect me to be compensated for helping them achieve their long-term financial goals. If 12b-1 fees were eliminated, while the client might save a small amount in 12b-1 fees he or she would end up paying a much larger amount in hourly or asset-based fees to receive the same service.

For these reasons, I urge the SEC to reject any proposal to eliminate or restrict the payment of 12b-1 fees to registered representatives for providing continued service to their clients. Thank you for your consideration of my views on this subject.

Questions: If you have any questions, please contact Gary A. Sanders, Senior Counsel, Law and Government Relations at 703-770-8192 or gsanders@naifa.org.

Technical Assistance? If you have technical questions about using [NAIFA's Legislative Action Center](#), please contact Sara Miga at 703-770-8104, smiga@naifa.org.

Thank you in advance for your help on this issue!

Laurie Daven

Princor Registered Representative
Principal Financial Group