

JULY 2009 Benedict Report

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I WANT MY COUNTRY BACK!

July Fourth is by far my favorite holiday. I guess I've always been glad to be part of this great country.

But, what has happened to this great land? **I want my country back.** No, I don't mean we all have to have the same color skin or that no one can speak with an accent or any of that kind of stuff. And, I don't expect to see Ozzie and Harriet sitting on every front porch. I mean, how is it that the greatest economy in the world can't pay its bills? How is it that the greatest economy in the world has made a lot of promises it can't possibly keep? And keeps making more!

I've watched households that had the economic rug pulled out from under them now working two and three jobs or starting some business that provides them enough to feed the family. It is uplifting to see how these people responded to their personal disaster. But, at the same time, I see the federal government piling on tons of debt that these same households will have to repay in the future.

We all should be outraged! I want my country back and I want it to pay its bills and honor its promises... today, on time and I hope you do too.

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We got ourselves in one helluva economic mess! And, unfortunately, many of the guilty players, both in private industry and government employ, are still sitting on their thrones of power. You hear about the mess everyday on the news and I have written many of these *Reports* providing my views. Now, let's focus on today and tomorrow and not spend any more time looking for scapegoats and pointing fingers of blame.

Here's where I see us right now. Most of the severe financial panic is behind us -- even though many major financial problems still exist and our economy is still struggling as we try to get out of debt, which means many more bank failures are ahead of us. Our

government created a tremendous amount of money to keep the panic from becoming a world-wide depression. This appears to be working.

Now, the key is what do we do next? I believe this is critical and I have a solution. (Maybe that sounds rather arrogant to say I have a solution to one of the biggest economic challenges of our times, but I wanted to keep you reading because this is a long *Report*. And, quite frankly, I do have a solution.)

Our government has created so much new money that most "experts" are saying that hyper-inflation is inevitable or much higher interest rates are coming or we will have to devalue our currency (declare bankruptcy to the world) or all of the above.

There is a strong likelihood that these experts will be right.

I'm afraid that we have been hearing about the federal deficit for so long it has become the proverbial yell of FIRE in the theater. However, it IS time you started listening. Let's use a household as an example to illustrate the gravity of the situation.

Let's say you have a household income of \$100,000 that is growing at about 3% (\$3,000) annually. Due to your great fiscal management, you add about \$3,000 each year to your unpaid credit card balance. It is a dumb way to run your personal life, but it probably won't bankrupt you.

But, what if this year you increase that credit card debt by an additional \$30,000 to \$40,000 and it looks like you will have to do that each year for several years in the future. You now have a big problem because you will be bankrupt in a few years. Substitute the words Gross Domestic Product for household income and the words Federal Deficit for credit card debt and you get a rough picture of what the finances of the U. S. Government look like. This is

a **BIG** problem and I believe most of our leaders know it. However, I'm not sure that most of our leaders want to address it other than hoping they will be out of office before the debris hits the fan. And, they **WON'T** address it unless the voters yell and scream.

But, there is a solution. [Here's my three part plan to economic nirvana.](#)

PART ONE: We, the government, must live within our means. Frankly, I don't know why I even have to say this. Starting with January 2010, we must balance our budget. I don't mean with the games that politicians play, I mean really spend only what we have. This doesn't mean we can't have new programs that are valuable to our society, but it means we have to be able to pay for them. For example, if we want a health care system that provides benefits for more people, I'm all for that IF we can afford it. Thus, we have to eliminate some other spending...how about eliminating Fannie Mae and Freddie Mac who are costing us billions annually.

The next election is critical. Let your representatives know you want fiscal responsibility or they will join the unemployed.

PART TWO: Eliminate the payroll tax for social security and Medicare. The combination of employee and employer expense is approximately 15% of payroll... eliminate these taxes immediately, but keep the wages the same. This will increase each employee's pay by about 15%.

In addition to our regular income tax, impose a flat 3% income tax on all earnings, including wages, dividends, interest and pensions. This means almost every person in the country will pay some income tax. I believe that concept is critical towards creating the team spirit that our country needs to go to the next level. [More on this later.]

Eliminate the earned income credit part of our tax system and other credits that reward low earnings or encourage people to work off-the-record or to create false income just to qualify for a tax benefit. All these types of credits are unhealthy, reward the wrong behavior and are unnecessary if we eliminate the payroll taxes.

Create a national retail sales tax of whatever percentage it takes to fund our social security and Medicare obligations. This means everyone pays for these programs - - not just the workers who are working *above the table* and it means we can honor our promises.

Now that we have the social security and Medicare

funding out of the federal budget, we can hold our elected officials accountable for the part of the Federal budget that they can control.

PART THREE: Actually, before we get to the final part of the solution, I've provided some ramblings that I hope lead into the SOLUTION.

FLOWER CHILDREN, TROPHIES AND A DECISION YOU WON'T BELIEVE!

Way back when I was in college, I took all the courses offered in what was then called Political Science. (It was the study of the government and politics and I still do not understand what about it even smelled like Science, but that should not be part of this tale.) I didn't get credit for the courses because they were part of the Liberal Arts school and I was in the Business school or something like that. As I write this, it really sounds like some silly bureaucratic rule, doesn't it? Anyway, back to the story.

As I remember it, one of the last classes I took offered a new grading system called PASS/FAIL. No A's, B's, C's, D's or F's; you simply either PASSED or you FAILED. And, it quickly became quite obvious that to FAIL you had to not show up. I always figured this was the first impact of the 1960's *Hippies* or *Flower Children* on our educational system. And, in my opinion, that impact has been profound and is still imbedded in the system.

Back to the conclusion of this rambling...it was the worst class I ever took. I was interested in the topic; I was taking the class voluntarily and I wasn't going to get credit for my efforts. But, I still remember it as leaving a very empty feeling.

I was suppose to read a bunch of books - - some of which were poorly written, write some papers that may not be read and listen to a professor drone on about his personal political beliefs and whether I do any or all of the above, I get the same grade as someone who wandered into the classroom half awake and did nothing...PASS.

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"Young man, that is an impressive trophy you received. Did your team win the championship?"
"No, we came in last," the young boy responded.
"You came in last. Wow, the championship team members must have each received a giant trophy."
"No," he responded, "they received the same trophies."

I guess *The Thrill of Victory and the Agony of Defeat* has become *you get the rewards no matter how poorly you perform.*

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Citigroup, a full year after the sub-prime mortgage crisis made the front page, has just now suspended mortgage loan applications at its mortgage correspondent division. Their press release claimed that, "A recent review found some property appraisals and income verification documents were missing for the loans."

How's that for being quick to address a problem? A year after the storm they were still accepting lousy mortgages. What did the tough leaders of Citigroup do to reprimand this division for their actions..."it agreed to raise employees' salaries by 50% this year to offset smaller bonuses." [Source: Bloomberg and S&A Digest, June 24, 2009]

I'M FROM THE GOVERNMENT . . . and I'm here to help!

Driving past a small town Fourth of July parade I was reminded of a story I was told several years ago. Here is how I remember the story...

We are a very small town, but many years ago some volunteers started organizing a gathering on the Fourth of July and it became an annual event. It was part backyard barbeque and part reunion as many who had grown up here and moved away would come back to be with old friends and neighbors.

The Methodist Church would provide the barbecued chicken and the Baptist Church provided the deserts. A keg of beer, probably sponsored by the Catholics, was there for anyone who wanted a mug to wash down their food and under the shelter someone would be picking on a guitar. A good time was had by all. As darkness came, the VFW boys would shoot off an impressive array of fireworks. It was Fourth of July in the heart of America.

Somewhat the state heard about the annual event and informed the volunteer organizers of a couple of rules. So, the next year the Methodist Church people had to pay for a permit from the state and arrange for an "inspection" of the chicken before they could serve the first drumstick or face criminal actions.

A year or so later, the deserts came under required inspection...you need the authorities to tell you that Mrs. Jones' custard pie is safe to eat.

Later "sneeze shields" had to be installed on the make-shift tables where the "vittles" were served. Then, the state realized that the "beer" was not properly regulated. Who needs common sense when you have government regulations? An expensive permit was required and we

had to fence in a special area in which the beer could be served and consumed. No more wandering over to the picnic table to see your old neighbor while carrying a mug of the frosty.

Next was the required training for the fireworks shooters...even though all had spent years in Vietnam shooting and dodging much bigger explosives. Then came the required "inspector" who had to be present before and during the fireworks display.

The almost spontaneous gathering was losing a tad of its spontaneity, but lived on until the next year in which the state required them to post a large insurance bond. The organizers totally ran out of money and spirit.

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**Individuals are getting sane again;
now it is time for the
government, all governments, to follow!**

It is a relatively small business, just an owner who is not active on a day-to-day basis and nine employees. Then, a surprise visit from the Department of Labor. Two loyal Department employees spent three days at the business digging through all the payroll records and interviewing each employee. It was very disruptive to the business, the employees and the owner.

At the end, the owner asked if they found any underpaid employees, confident that they didn't. "No," they responded, "but we did find several violations. For example, you seem to arbitrarily pay bonuses on a fairly regular basis."

The owner acknowledged that they did, it was their way of sort of sharing the profits of the business. "You can't do that under the law." What do you mean the owner asked? We include the bonuses in their pay and withhold the appropriate taxes and all of that. "It still is not allowable."

"Also," the inspectors offered, "you have one person who receives a flat salary each week no matter how much she works." Yes, the owner responded. That is the way she wants to be paid and has been paid that way for the last twelve years and she is happy with it. "We know because we spoke with her, but it doesn't matter; you can't pay her that way, unless she supervises two or more employees." The owner replied that she does. She supervises several of the employees. The government agents responded that, "she has to supervise two employees simultaneously

for full eight-hour shifts to qualify.” But, we don’t work that way in our little business. They are all swing workers, the owner protested.

“And,” the agents added, “Your weekly-pay blotter frequently only lists the employee’s first names.” We don’t have any two people with the same first name, so it is not a problem offered the owner. “It doesn’t matter,” offered the agents, “you must change this and follow the law. The law is the law, you know.”

In the end the agents offered that they would not recommend any penalties or fines or censure this time, but if they returned and found the violations continued, the employer would be subject to significant penalties and fines in the future.

22 Pounds of Work Rules & Regulations



Ever wondered what a UAW contract looks like? Pictured above is all 22 pounds of Ford’s 2,215 page 2007 master contract. Those 2,215 pages don’t include much regarding efficiency and competitiveness. What you find are hundreds of rules and regulations.

Professor Mark J Perry’s Blog for Economics and Finance
Friday, December 12, 2008

But, I Deserve It!

I have always felt that the year 1968 was a watershed year for our economy and our country. I think it is the year in which American heavy-manufacturing dominance started to fade. Granted we didn’t realize it for a full generation because companies greatly reduced their capital expenditures and research spending, thus, had plenty of cash flow for wages, salaries and benefits for the workers and executives. In fact, gradually, over time all parties felt they were entitled to high pay, annual raises and very generous benefits.

The year 1968 was basically the beginning of most of the social programs and safety nets that had been passed the previous couple of years. Many of these programs offered a lot of value to our society, however, through court interpretations and some future law changes these programs evolved from being a privilege to an entitlement.

This even evolved into our public school system. I’m told that teachers are taught that students have the *right* to an education...it is not just a privilege. I was never under that impression during my days in the primary school system.

As time went on, more and more groups began to expect more and more. The athletes, the entertainers, the C.E.O.s all became entitled to more and more.

Poor people became entitled, old people became entitled, certain races were entitled and some occupations were entitled. And, if you didn’t receive your entitlement, you could sue.

I am reminded of a phrase I heard a lot early in life... “Remember, nobody owes you anything.” Obviously, that was a pre-1968 phrase.

Our Entitlement Society has its own phrases...ones that make a great country weak:

- Someone else is to blame.
- I’m going to sue.
- I deserve it.

MIGHTY CASEY STRUCK OUT, but with a happy ending!

In my younger days I really enjoyed playing team sports. My natural skills made me better at some sports than others, but I enjoyed them all...at least most of the time. What I learned more than anything is that you either wanted to be on a team that was a winner or one that had no chance. For those of you who have never experienced this, let me explain.

Playing on a team that has a chance to win every time they go into combat is exciting. The members of the team interact in a positive way making everyone better. Even if you lose the game, just knowing that a group of individuals working together gave it their best shot was rewarding.

Once in a while I ended up on a team that couldn’t punch their way out of the wet paper bag. Maybe the reason was too many players with too few skills or lack of motivation on the part of too many members or something else. Thus, you entered each match with very

low expectations...you had nothing to lose. Ironically, if the team did anything at all it felt like a victory and everyone was happy.

Playing on a team that was muddling around in the middle was hell. Expectations weren't very high, but high enough you could always disappoint and usually did. Usually there was uncomfortable interaction among the team members and constant bickering (similar to our political parties). Frequently, one or two players tried to shine as individuals at the expense of the others. **It was not fun.**

The Strike Out

For the last ten to fifteen years, it feels like our overall country, our overall economy and our overall thought patterns have been muddling around the middle. Life was good enough that we haven't been willing to take a chance to get the big win because we were comfortable...and afraid of going backwards...losing. Our attitudes have been all over the board, but mainly concerned that the other guy was getting all the glory and we were being left behind. Our coaches, our political leaders, have frequently been as self-absorbed as the players... more concerned about getting re-elected than winning the championship. Too many of us were willing to accept the trophy of mediocrity rather than take a chance at winning the championship.

The Happy Ending

This has suddenly changed. For all practical purposes, in the game that is ending we all lost. Some of us have lost bigger than others, but we have all lost. The couple who was living on borrowed money has lost. People who had accumulated assets have lost. The wheeler-dealers of Wall Street may still be taking (I didn't say earning) big bonuses, but they have lost because they have been exposed for what they are. The companies that have been run primarily to benefit the people in power have lost. Many others who were not in a position to influence their fate have lost also...we have all lost.

But, this aftermath will be similar to the days after a hurricane. The sky will be a beautiful bright blue and clear of pollution. The countryside is in shambles with some buildings standing but many nothing but rubble. However, the survivors stand beside each other and suddenly we are all on the same team. We are survivors, we have a common cause...to re-build... and we can all empathize with each other. **This is the foundation of the making of a championship team.**

**IF SPENDING IS OUT OF CONTROL,
YOU CAN'T RAISE ENOUGH REVENUE
WHETHER YOU ARE A HOUSEHOLD,
A BUSINESS OR A GOVERNMENT.**

Ambush of the Elites!

Something crept up on our nation that I didn't realize was happening until this latest crisis pulled back the covers.

When you think about it, doesn't it seem to you that the giant financial firms, some of the giant manufacturing firms and many of our Washington leaders are all playing footsies under the table?

I'm not saying this is an intentional collusion that was/is created to enhance their power and reduce the power of the remainder of the nation; I think it just happened. It really got rolling about fifteen years ago...about the time interest rates started declining significantly and the Federal Reserve's role as an activist became widely realized.

The big firms have the power and the big money. They are the ones that can get the "ear" of the political leaders easier than anyone else.

More and more of our political leaders are professional politicians. Many came from privileged families and attended privileged universities and have never had a job outside of government. In fact, many of their parents worked in the government/political system also. These are not people who have ever worried about having enough money in their checking accounts or prepared a household budget.

We also have the professional corporate managers who have seemingly unlimited corporate funds to use in almost any way they choose.

So, what we have is life-long professional corporate managers and life-long professional politicians making the decisions. Is it any wonder that the giant financial firms could do about anything they pleased? Is it any wonder that the giant manufacturing firms could move their production overseas without hesitation? Is it any wonder that when a crisis hit, that the big boys would get bailed out?

I think it's time for change. It is time that Ma, Paw, Son and Daughter Main Street start flexing their muscles and voting power and take our Country back again.

It's Difficult to Define Culture

It's a little difficult to define culture, or is it?

You can look at some families and see what their culture is. One family is hard working, thrifty and reliable while the family across the street may exhibit more of a play-focused culture with a disregard for thrift and reliability.

If your personal culture is closer to the thrifty family than the spendthrift family, then you probably are going to encourage your children to hang-out with the children of the prudent.

If you are going to invest your money in the stock of a company, you would probably want a company that has a culture that somewhat matches your personal values, if you were to think about it. But, how can you tell anything about a corporation's culture, you may ask? Let's look at three examples and see what you think. We won't mention the corporation's name:

"**Corporation #1** plans to spend about \$10 million on new offices for the Chief Executive Officer and his lieutenants...by the time architect's fees and expenses such as furniture are added, the total cost is expected to be three times that amount." [Bloomberg, March 19, 09]

"CNBC reported that the CEO of **Corporation #2** spent \$1.22 million redesigning his office—including \$35,115 for a "commode on legs" and \$1,405 on a parchment waste can. He also paid his driver \$230,000 for one year's work. This included \$128,000 in over-time pay." [MSNBC, January 23, 09]

"My first day on the job as CEO of **Corporation #3** fell on the first Sunday in February. So my wife and I took a few hours to move some boxes into my new office. We didn't replace the carpet, furniture, or even Sam's old wood paneling. With the exception of a couple of pictures on the wall, we kept it as the same office in which the three previous CEOs worked..." [From Corporation #3 annual meeting]

You probably don't need to be a financial channel guru to guess that #1 is a large Wall Street bank and Corporation #2 is a Wall Street brokerage firm. And, I bet if you think about it at all, you can guess that #3 is the largest discount retailer in the world. If you are a *trader* in the stock market, you may not care about the company's culture, but if you are a longer-term

investor, my guess is that it may be rather important to you. Keep your children playing with the right friends and invest your money the same way.

NOW , ON TO PART THREE:

PART THREE: The Solution...Grow our way to Future Prosperity

We have a massive federal deficit that needs to be repaid. We basically have two choices: we raise taxes in the future to repay the deficit or devalue our currency (declare bankruptcy to the world.) Let's face it folks, as much as our leaders want us to think that someone else is going to pay a lot of taxes in the future to solve this problem, it is not going to happen.

The solution is to grow ourselves out of our financial morass. Let's create that championship team that grows our economy.

Some experts are reported in the media to be saying that due to getting out of debt and our federal deficit that economic growth will be almost non-existent in the future, or maybe 1% per year at the best. I say I don't want to play on that team that isn't willing to go for the championship.

What if our annual income, our Gross Domestic Product, started growing at a much higher rate, let's say at eight percent per year? Our companies would have more revenues, our employees could receive higher wages and our governments would reap higher tax revenues. Historically, times of high stable economic growth have given us low inflation and moderate interest rates. Folks, this is championship time, and prosperity and happiness are just around the corner.

But, how do we do this? How do we get it growing at 8% annually?

- ◆ Change the focus from giant corporations and Washington to smaller companies and Main Street. Giant companies are focused on short-term profits no matter what, whereas, firms with the owner's name on the door have a much longer time horizon.
- ◆ Next, we must have the mindset in all of our thinking...is this going to help us achieve our 8% economic growth, if not, what will? It may not seem important to some of you, but This MINDSET is

critical as it will be the catalyst that propels us to continued prosperity.

- ◆ Change much of our bureaucratic regulation from its current focus on nit picky little rules to a strong, simple focus on doing what is right.

Almost all of the new (net) job creation in the country over the last fifteen years has been in the non-giant companies. Some of these are smaller publicly owned companies and many are privately owned companies. However, almost everything that comes out of Washington is focused on the giant companies. Can you imagine what the billions that were given to AIG would do in smaller private businesses? But, I'm not asking for government money for smaller firms, just a focus on them as the solution.

Remember, everything we do must meet the 8% economic growth test. Plan to impose a new rule... will it allow the company or industry to grow at 8% per year? If not, what do we need to do to change it so it will solve the problem and also empower the company?

We need to streamline many of our rules and regulations. Let's look at two families raising children. **Family One** had a rule for everything, which everyone squabbled over and which the children, generally, disregarded. **Family Two** taught basic values and had a few hard rules. Almost, inevitably, Family Two had the more successful, self-reliant children. We need to do the same with regulations.

To start out, it's time to get rid of most of the workplace laws. Let's eliminate the laws on race, gender, age, etc. We have come a long way in the last forty years and I don't think we need these laws any longer; let's get rid of them and eliminate the bureaucracy that enforces them. If we find that this is not working, we can pass new laws, so what's the risk? The potential gain is that all employees will be empowered and feel more part of the overall TEAM. Championships come from teams of people -- not laws.

This can be empowering to smaller businesses. You see, the giant corporations can hire hundreds of people in a Human Resource Division to follow all the important laws and the totally silly ones. And, if they mess up, their giant checkbook can pay the million dollar fine. Non-giant businesses have neither an HR Department nor a giant checkbook balance. **Remember - our focus is on 8% economic growth -- not the retrenchment of bureaucratic minions.**

Companies will need to reinvent themselves. They must critically examine their products, services and processes to make sure they embrace the new world to meet this 8% annual growth rate.

Worker's need to re-invent themselves to make sure their skills fit the needs of their new employers. The days of relying on the bureaucracy or the union to keep you employed, if you are not part of the solution, need to be over, because everyone, including the unions, needs to be focused on economic growth.

Our schools need to re-invent themselves to make sure the students are 1) staying in school and 2) learning skills that our economy needs to keep our engines of growth humming. Educators who are not effective need to be retrained or replaced, as do administrators.

Our current Gross Domestic Product is about \$14 trillion annually. Grow this at 2% annually for ten years and it will equal about \$17 trillion annually. That's nice, but that is definitely NOT championship material, and we won't settle for it. Our eight percent annual growth will give us annual revenues of about \$30 trillion annually. Think of the wages that will generate, think of the taxes that will generate and think of the pride that will generate. **Now, that's winning the championship and we can do it!**

The greatest wonder in the world is human energy and creativity and our Country has been the world leader in this area for decades. We got waylaid a little in our lust for consumption and our use of debt, but let's use this crisis to get back to basics. We have been living ON tomorrow instead of FOR tomorrow, but that is changing and that's good.

It is fun playing on a championship team. GO TEAM!

**DON'T LET OUR LEADERS MESS THIS UP!
LET THEM KNOW WHAT YOU EXPECT!**

WHAT WE DO...

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I WANT MY COUNTRY BACK!

DEAR CONGRESS...

Dear Reader -

Recently the Administration sent an eighty-eight page *white paper* to the Senate Banking Committee and the House Financial Services Committee entitled **Financial Regulatory Reform: A New Foundation** outlining their proposed financial industry regulatory reforms. Overall, it does a good job of addressing many needed changes in the financial industry.

The new Chairman of the Securities and Exchange Commission was previously the Chairman of FINRA (Financial Industry Regulatory Authority). She has been rather outspoken in her desire to regulate the independent Registered Investment Advisors the same as the sales side of the industry, thus the wording of the Administration's Reform was surprising and rather refreshing.

Below is my encouragement to our leaders to follow-through on the Administration's lead.

TO: Members of the Senate Banking Committee and the House Financial Services Committee

FROM: Philip C Benedict, CFP®

I have worked with people and their relationship with their money and their wealth my entire adult life. I am a Certified Financial Planner™ and our firm is a Registered Investment Advisor. These roles require that I have a fiduciary duty to my clients, much like a doctor or lawyer has a duty to her or his clients. It doesn't mean I'm perfect, but it does mean I have to put the interests of my clients ahead of my own. That seems simple and fair to me and the only way I would have it. I also have a securities license and must follow the massive amount of very detailed rules and regulations of the industry, however, none of which require the ultimate standard of putting the interests of my clients ahead of my own, which is so simple and so straight-forward.

Representatives of the brokerage industry, many of whom call themselves *financial advisors* or *investment advisors* work under a different set of rules from Registered Investment Advisors because they work for the creators and sellers of financial products, thus they cannot put the client's interest ahead of their own.

Page seventy-one of the Financial Regulatory Reform contains language that would require both Registered Investment Advisors and securities' brokers (no matter what they call themselves) to all have a fiduciary duty to the client.

I think that is great for consumers of any type of investment advice. However, it seems to me that it would be almost impossible for a securities salesperson to put the client's interest ahead of his employers. (For example, the securities salesmen were still selling bonds issued by General Motors up until a few months before the bankruptcy. Could anyone have sold those bonds if they had put the client's interest ahead of the need of General Motors for funds?)

A major role of the securities firms, called investment banking, is to raise capital (money) for corporations and governments around the world. Get it? Their job is to raise money for their clients, which are the corporations and governments in need of money. These salespeople cannot possibly put the interest of the retail investor ahead of theirs.

Because of this I believe you and your peers will be bombarded by the giant brokerage firms who will tell you how the securities laws written to protect the consumer are far more inclusive than any fiduciary interest. They will tell you that the consumer doesn't understand the difference between the fiduciary advisor and the securities salesperson, thus they should be covered under the same rules and regulated by the same organization, which is FINRA, an organization pretty much controlled by the giant brokerage firms.

Dear Congress continued...

None of us independent Registered Investment Advisors is without blemishes, but we are all held to a standard that puts our clients' interest first. I think it would be great if the brokerage salespeople were held to the same standard, but I doubt that is possible. What I am very much against is lowering the standards of the fiduciary advisors to that of the sales industry.

Consumers generally cannot differentiate between brokers who call themselves "financial advisors" or "investment advisors" and Registered Investment Advisors who are held to a fiduciary standard. I recognize this confusion, but my experience is that consumers are not at all confused about what they want from their advisor: they want a "trusted relationship," which is, in general, what a fiduciary standard means. They want someone who is "on their side," which is again what a fiduciary standard means.

During the last decade these giant brokerage firms were instrumental in creating much financial chaos. Americans are fighting to create for themselves a good retirement and they deserve the chance to receive clear, unconflicted, professional financial advice from advisors who are held to a fiduciary standard.

These giant brokerage firms have a lot of money to spend, some of which is probably TARP funds, to hire strong people to try and influence your vote. They will tell you there is no difference between their salespeople and an independent Registered Investment Advisor. That is NOT the case and that is NOT in the interest of the American public.

Thank you for taking the time to try and understand some of the workings of our industry before you vote.

If you wish to learn more or contact any committee member, here is a link to the members of the Senate Banking Committee:

(<http://banking.senate.gov/public/index.cfm?FuseAction=CommitteeInformation.Membership>) and the House Financial Services Committee (<http://financialservices.house.gov/members.html>).