

The 12b-1 fees compensate registered representatives for the on going service the representatives provide to the clients. Almost all representatives must pay their expenses, office space, secretary, phone, computers, fax machines, high speed internet, subscriptions, licenses, e&o insurance, travel, etc., in order to provide the service the clients expect. Many executives in the securities industry would like to get rid of the 12b-1 in order to add to their 7 to 8 figure salaries and add more to additional 7 and 8 figure bonuses. The 12b-1 connects the agent with the client. Without the 12b-1 the client would be talking to faceless voices over the phone and missing expert advice due to this proposal if enacted. There is already substantial disclosure information concerning

12-b1 fees in prospectuses. One reform the government could look at would be to stop all the compensation brackets structured around new sales and total assets under management that are set up by the broker dealers and their subsidiaries. Again, the 12b-1s are not going to the representatives but to executives or other areas of the company and not benefitting the client. The 12-b1 compensation must be strengthened not weakened for the representative servicing the client.

Larry D Burch, FIC  
Financial Consultant  
South Region  
Thrivent Financial for Lutherans®