

Please pass these comments on to the Interested Parties.

Overview:

I am a Certified Management Accountant, dually licensed in both mutual funds and insurance. I run a relatively small branch called TK Wealth Management with 7 advisors, 4 of whom have a CFP (Certified Financial Planner).

The main focus of our organization is to provide financial advice to small to medium sized companies and their employees. We do this by managing both Group RSP (GRSP) and DPSP accounts for the employees. Currently we have approximately 1,500 group employee accounts and about 2,200 accounts in total. Although we do have larger accounts, the vast majority of our clients have less than \$20,000 invested. We offer complete financial planning, personal budgeting, risk assessment, portfolio review, financial education and risk management via typically term insurance to all clients. As per guidelines, we have frequent conversations with both the companies and the employees and follow the compliance guidelines as per our dealer, IPG (Independent Planning Group).

It concerns me that new requirements will force small clients to be left without advice as there will be no advisor willing to take the time to help. Many of our clients are young, have small children and are just beginning their lives. I would suggest our average group client is 35-38 years old. This is a time when financial advice is of great importance.

I believe that painting the industry with the same brush may be counter-productive. Although it is extremely important to be as transparent as possible, regulators are penalizing the young person or single parent who does not have the means to obtain sound financial advice. I would like to suggest less vigorous rules for small accounts while more vigorous rules for larger accounts. As someone in this business for some time, I would like to suggest 3 categories – less than \$100k, \$100k - \$999k, and over \$1m.

Disclosure of compensation:

As previously indicated, the majority of clients at my branch are of the GRSP nature. As many employees may contribute as little as \$25 per pay, their account size can be very small, but may grow over time via promotions, personal debt pay down, obtaining sound financial advice etc. At TK we are concerned with the larger picture by providing sound advice and risk assessment for all clients regardless of account size. As the annual task of communicating with these employees for updated KYC information etc, an increased burden on my office and staff to provide gross compensation from an account of this size and often smaller is near the point where our services can no longer be performed. I also believe it is misleading to offer information regarding total gross compensation of the account as it is often distributed between the dealer, the branch and the advisor and of course to include the full disclosure of costs to run the business. Clients will undoubtedly think that the gross amount is what the adviser received and personally keeps.

DSC free units to front end of same fund:

In situations where the 10% free units are processed on an annual basis, my experience in the past 5 years is that there is a real benefit to the client. I have seen numerous examples of how processing these units which are not accumulated from year to year have been advantageous. Whether the employee or spouse has been laid off, downsized, a new family started, recently divorced, major home repairs, caring for others or just day to day hardships, the value of processing free units can be seen as follows: If a client has invested \$20k, and they need to withdraw \$4k, then after 2 years the client would pay DSC fees of approximately \$200. If the 10% units were processed each year, the client would pay nothing. So, the question now is, how much more does the gross trail become if the free units were processed each year for 2 years. If you assume a 0.5% trailer which may be 1% on front end funds, the increased revenue to the

dealer over 2 years is approximately \$30 on a \$20,000 account that had the 10% free units processed. Of that \$30, part stays with the dealer, part with the branch and part with the advisor. I see this to be 100% value to the client. I simply cannot process 2 signed documents, scanned and faxed for \$30 over 2 years without being in a financial loss position. Many accounts are much less than \$20,000. The fact remains that our clients are very appreciative of our company's policy of performing this arduous task on an annual basis. I would also believe that not processing these units may result in higher complaints to the Advisor, Branch, Dealer, MFDA etc.

I urge you to reconsider increasing administrative tasks on a broad stroke basis.

Steve Roeske  
TK Wealth Management - President



880 Lady Ellen Place, Suite 100, Ottawa ON K1Z 5L9  
T 613-728-7030 ext 238 | 1-800-939-7176 | F 613-728-6005

Email: [steve@thetkgroup.com](mailto:steve@thetkgroup.com)  
Visit us at: [www.thetkgroup.com](http://www.thetkgroup.com)

Estate Planning | Insurance | Group Benefits | Wealth Management

Confidentiality Notice - This electronic message may contain confidential information intended for the recipient only. If you are not the intended recipient of this message, please disregard the contents, and destroy the message, together with any electronic or other forms of it. We also ask you notify the sender if you have received this message in error.