Mr. Chairman, and Committee Members
From: Richard W Munk, Las Vegas Nevada

I come before you in favor of Senate Bill # 383

I have spent the last 37 years as a professional insurance agent specializing primarily, but not limited to, coverage for senior citizens. In that time I have probably spent a thousand hours reviewing individual and family finances as an incidental part of my requirements make sure that insurance products were suitable for prospective clients.

There were innumerable times that in reviewing a prospective client's financial statements that I discovered risky investments, or losses of investments due to financial advice from a stock broker/broker dealer. There were times that it was obvious that the investment did not fit the needs of the client. I found that often the broker/adviser was making a greater return on the investments than the client.

I can give you two examples that stands out in my memory.

1. I went to see a prospective client concerning the viability of purchasing a Long Term Care Policy. I'll refer to her as Jane.

Jane was 77 years old, and in good health. Upon reviewing her financial history I discovered that ALL her Liquid assets were invested in the stock market. At age 62 she retired, and was referred to a broker for financial advice. He advised her to put ALL her retirement funds ($106,000) into the stock market allowing him to manage her account. Each year there-after he bought and sold stocks in her portfolio.

At age 77 her portfolio was worth $142,000. Over 15 years the broker had averaged over 5.5% per year in fees by churning her portfolio. She on the other hand, had a return on investment of less than 2.1% per year. The broker had made over $85,000 from the money she invested, while she only made $36,000.

She was unaware of these numbers until I reviewed her statements. Up until that point she assumed the broker had her best interest in mind every time he bought and sold stock in her portfolio. I suggested that she may want to consider put at least a portion of her liquid assets into something safe like

C.D.'s, or a fixed annuity that would get her a guaranteed return of at least 5% per year. Her broker talked her out of doing either of those options.

2. Another prospective client I'll call Ruth. Ruth had just turned 90 years old, she had limited income, and was interested in changing her Medicare coverage. During the suitability discussion she revealed that she had purchased a 10 year annuity the prior year from a broker at her bank. I was astounded. After a review of the contract I realized that she would have to pay exceedingly stiff penalties should she want any withdrawals before age 100, if she lived that long. I helped her contact the company that issued the annuity to cancel and get a 100% refund.

These are not isolated incidents. All too often making a profit seems to get in the way of doing the right thing, and many seniors are not well versed in financial investments. I am all for passing S.B. 383. Thank you for your time.

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