

While it is encouraging to hear that the CSA is finally contemplating a prohibition on trailer fees, in fact attention to these fees is long overdue. You have still to my knowledge effected nothing with respect to your last initiative to require mutual fund management to disclose fully and openly the dollar amount of fees they pay annually. Clearly the industry will not relinquish these fees, or disclose them, unless compelled. Why would they?

The mutual fund industry (most of which is now owned by banks) will not collapse if denied these internal fees, or if they must devise a marketing alternative to sales through so-called "financial advisors". They are creative businesspeople. If they create investment products which truly serve their clients, more investors may be inclined to return to the market.

At a time in 2007 when I was emotionally vulnerable, retired and coming out of two years of divorce litigation, and seeking to stabilize my income, I broke my own rule of never investing in mutual funds when approached by a "financial advisor" who offered to arrange a home equity line of credit with Manulife Financial, the proceeds of which would be invested in Dynamic Funds and generate annual income. Easy! The interest on the loan would be tax deductible and I would come out ahead. You can imagine how this financial "plan" has worked out. The face value of my Dynamic Funds has been reduced by half, as well as the monthly payouts, most of which have been return of capital, deferring a huge future tax obligation. The likelihood that my Dynamic funds will ever recover to their original value in my lifetime – I am now 67 -- is probably nil. In the meantime, amounts unknown to me are being paid both to Dynamic Funds (now owned by Bank of Nova Scotia) and to my financial advisor. I cannot even find out what they are!

Moreover, the funds I hold are "T Series", a "product" devised to placate investors whose income has been decimated, by making the income we still do receive technically all "return of capital", reducing our income taxes and simultaneously entitling us to greater government benefits such as Guaranteed Income Supplement and other reimbursements for seniors with dangerously low income. "You save on tax!" So Dynamic and my advisor continue to collect their fees, while other taxpayers are supporting me. Nice! Are you considering the implications of such tax schemes by the financial industry in your deliberations?

There are hundreds of thousands of stories like mine.

I will wait patiently, as I have no other choice, for the government agencies paid to protect us actually do something about the fees I pay every year and which Dynamic and my adviser's employer are not even required to disclose to me.

Yours truly,
Phyllis Boyd