

vestments—even though they did not all complete their payments or complete them on time. On the other hand, only a very small percentage have liquidated their plans with losses, and those losses are infinitesimal in relation to the profits realized by those who have really taken advantage of the investment vehicle which has been made available to them.

Perhaps the most significant indication of this fact appears in the chart on page 9 of the 1967 supplement, which shows the history of every plan started by four different sponsors in 1951 or 1953. The study shows that, at December 31, 1966, of the almost 17,000 accounts involved, over 82 percent were either still open or had been liquidated with a gain, and that the profit realized by this 82 percent, who had invested \$39.8 million, amounted to almost \$33 million. The less than 18 percent of the accounts which had liquidated at a loss incurred aggregate losses of \$240,000. The losses of all planholders were, therefore, less than 1 percent of the payments made, while the profits, realized and unrealized, were over 80 percent of the payments made.

Despite these impressive end results, which should be the criteria by which to measure the merits of an investment vehicle, the SEC persists in its position that the contractual plan be abolished. It has attempted to minimize the significance of the profit results by pointing to the fact that a study as of the end of 1963 of the same 17,000 accounts which I just referred to showed that from 25 percent to over 40 percent of the planholders of the four plan sponsors had not progressed in their payments beyond those called for through the third year of their plans. This is true, but the SEC does not report the fact that of this group who, as of the end of 1963, had not progressed beyond the payments called for through the first 3 years of their plans, almost 55 percent had realized or unrealized gains of over \$1 million, and the remainder of 45 percent who terminated with losses had losses of \$160,000. Incidentally, several companies have initiated followup procedures to reactivate accounts that have stopped making payments. In my own company the reactivation figure has reached approximately 70 percent. Further experience should reduce this problem to nominal proportions.

The SEC asks that you prohibit the front-end load. This would mean denying to a significant segment of the investing public the unique benefits afforded by the contractual plan. The people who make up this market segment are investors of moderate means who would not have the opportunity to invest in equity securities unless the benefits of such investments were described to them by salesmen and who would not otherwise invest on a monthly or other periodic basis the relatively small sums of money that they have available for investment.

The SEC suggests that this is not so, because so-called voluntary or level load plans offer everything that contractual plans do and they are preferable because they do not involve the payment by the investor of a front-end load. Nothing could be further from the facts. Anybody familiar with our business will attest to the fact that most voluntary plans, unlike contractual plans, are not true accumulation plans.

The reason is simple. A salesman, because of the very small commissions he would receive on the sale of most voluntary plans, will not seek out this type of investor. For example, on the sale of a \$25-per-month voluntary plan, a salesman receives a little over \$1 as his share