

Mr. KEITH. One note, Mr. Roach. You say, and just to set the record straight, I recognize that you do provide a tremendous opportunity for people to get into equities, but not all these people who do buy mutual fund plans would necessarily spend what was left over.

Mr. ROACH. Of course.

Mr. KEITH. You say on page 2 "Those investors would otherwise have spent as disposable income."

Mr. ROACH. It should have been a qualification of possibly rather than flat.

Mr. KEITH. Generally speaking they might end up with life insurance.

Mr. ROACH. They might.

Mr. KEITH. They might end up in cooperative banks or savings and loans.

Mr. Kostmayer, you mentioned on page 3 "In addition the planholder has the valuable right to withdraw up to 90 percent of the current liquidation value in mutual fund shares." Do you charge any interest on that?

Mr. KOSTMAYER. No, Mr. Keith.

Mr. KEITH. Is that so?

Mr. KOSTMAYER. Right. Of course, I should point out to keep this perfectly accurate that when money has been withdrawn——

Mr. KEITH. It is no longer working.

Mr. KOSTMAYER. Right.

Mr. KEITH. It is not a loan.

Mr. KOSTMAYER. It is not a loan.

Mr. KEITH. It is simply they can redeem up to 90 percent.

Mr. KOSTMAYER. That is correct.

Mr. KEITH. So they don't get the earnings. I misunderstood that. It isn't at all parallel to a life insurance company allowing the policyholder to borrow the cash value.

Mr. KOSTMAYER. No; it is not really the same thing as a policy loan, not at all.

Mr. KEITH. I have a note here we are not so much concerned about the good guys. What about the others. This is along the lines of Mr. Stuckey's point. Roughly 70 percent of the people in this business give their customers an opportunity to change their minds after 30 days.

Mr. KOSTMAYER. That is correct.

Mr. KEITH. It is probable that the people who practice high-pressure tactics are the same kind of people who would not be eager to refund the money.

Mr. KOSTMAYER. I don't think it really relates to that, Mr. Keith, so much as the fact that certain of the big plan sponsors have chosen, for perfectly good reasons of their own, not to join this association, and the 30-day offer of refund is a requirement of membership, and I have no reason to assume that they——

Mr. KEITH. In other words, all of your members do this.

Mr. KOSTMAYER. That is correct, sir.

Mr. KEITH. That is a requirement.

Mr. KOSTMAYER. It is required.

Mr. KEITH. And in your view the presence of this requirement is not a deterring factor to others joining the association. There is some other reason if they don't join.