

with which the investment company could operate and receive their compensation; and then he went on to say, that the mutual funds contract with the management company for their services, but actually it can be said that it is the management companies initiate the contracts with the mutual funds in the initial phase of the operation.

And so what we, as a committee, are concerned with is one ball of wax, and that is the way the Commission's recommendations came in. It is a hard point to make, as individual witnesses testified from their particular points of view, but we see it as a whole.

It does not mean just because I am turning the pages of your testimony so quickly that I have necessarily bought all you have had to say.

A small point. On page 14:

First, annual premium deferred annuities now sold by life insurance companies are sold with a front-end load of as much as 50 percent.

Generally speaking, those front-end loads on annuity policies which are those without any life insurance benefits are less than 50 percent, I believe.

Mr. DAY. Some companies use 50. There is a great range, it is true.

Mr. KEITH. Generally speaking, they are less than 50 percent, I believe, because there is no life insurance element.

Mr. DAY. Are you referring, Mr. Keith, to the front-end load or to the commission to the agent? The commission to the agent even in a contractual plan is only 25 percent.

Mr. KEITH. This was life insurance.

Mr. DAY. Yes; I know.

Mr. KEITH. To which you are referring here, and in the annuity policies, generally speaking, you have some cash values in the early years of the contract?

Mr. DAY. Oh, yes.

Mr. KEITH. And in the first year as well?

Mr. DAY. Yes, at least 50 percent. But the 50 percent that I am referring to as the front-end load, only part of which would be, in the annuity plan, the actual commission of the agent. The commission of the agent in an individual annuity plan would typically, in fact, as far as I know universally, be lower than the commission on an ordinary whole life policy because your total load on an ordinary life policy is 100 percent or more.

Mr. KEITH. I guess I did not read the fine print. If that refers not to the commission but to the total load—

Mr. DAY. Only to the total load; yes, sir.

Mr. KEITH. You have to watch these insurance men.

Now then, you conclude, "I cannot buy that. Even the Washington Post cannot buy it."

Has the Washington Post taken a stand on this particular matter—

Mr. DAY. Yes; they had an editorial some months ago that said, in effect, that when people are told very clearly what is being taken out for sales expense, that that is all that is necessary.

Mr. KEITH. Well, the administration of which you used to be a part apparently in one area differs with the Washington Post.

Mr. DAY. I am sort of an in-law of the present administration.

Mr. KEITH. I have no further questions at this time, Mr. Chairman.