

so. We have studied ways in an endeavor to do so, but we simply have not yet, to date in any event, been able to devise a means by which we could reduce the maximum perhaps, and level it out.

I would like to turn for a moment to a comment on the impact of this proposal.

First of all, of course, the proposal to reduce the maximum sales load to 5 percent would mean a reduction in the income of the sales representatives, a reduction of approximately 35 percent, and we simply would not be able to keep them on that basis, but that alone is not the only consequence.

Mr. KEITH. Excuse me a second if I may, Mr. Chairman.

It is quite significant, it seems to me. These men are really part-time salesmen insofar as mutual funds are concerned. They are full-time salesmen, but they spend a part of their time on mutual funds and a part of their time on life insurance.

Mr. LOEFFLER. Yes, in that sense they are. When they call on a customer, they are in a position to offer the full line of ISD products, which includes life insurance. The \$8,000 figure is the income of the average sales representative from all sources. Most of that is from the sale of mutual fund shares. When I say most, I believe that over 70 percent, 72 percent of their income is from the sale of mutual fund shares.

Mr. STUCKEY. You do not think then, if it were lowered to 5 percent, that this would tend to increase sales?

Mr. LOEFFLER. No, sir. If we thought it would we would do it now. What it would eliminate in particular would be the ability of the sales representative to call on the small investor, he who has only a small amount to invest.

Mr. MOSS. Let me express my apologies to you. It was necessary that I be in attendance at another subcommittee which I chair, in order to get out a rather pressing report.

Mr. LOEFFLER. Yes, sir.

Mr. MOSS. I do apologize.

Mr. LOEFFLER. The further point that I wanted to make, before leaving this question of the impact of the Commission's proposal on the sales load, is this: Not simply that it would reduce the income of the sales representatives. That is of concern to us and it is of concern to our sales force, of course. But the heaviest impact of the proposal would be upon the full-time career security sales representatives such as those at IDS. These would be the men who would have to leave the business and seek employment elsewhere or other means of income. The impact would be to leave the field primarily to the part-time securities salesman, to what you might call the moonlighter, the man who has a regular job, a regular income and salary, and then sells mutual funds at night as a means of supplemental income, and the tendency of this bill would be to leave the field to them.

This, I think, is directly inconsistent with what were the objectives of the 1964 Securities Act Amendments, which sought to upgrade the training and the qualification and the supervision of security salesmen.

My company, and I think the industry generally, cooperated with the Commission in support of that act and of those objectives, but the impact of this proposal runs directly to the contrary.