

NEWS RELEASE

Thursday, January 29, 2015

Information: Knut Rostad, 301-509-6468

Institute Proposes *Best Practices* for Advisers and Brokers Seeking to Meet True Fiduciary Standard

Product Sellers or Advice Givers? *Best Practices* Put this Question First

Vanguard Founder John C. (Jack) Bogle: “The time has come to return to traditional values of fiduciary duty. The ‘Best Practices’ proposal ... is an important first step”

San Diego, January 29 -- The Institute for the Fiduciary Standard today proposed eleven *Best Practices* fiduciaries should meet to serve the best interest of their clients. The *Best Practices* are released today for public and industry comment due March 9 and are available at www.thefiduciaryinstitute.org.

Knut A. Rostad, president of the Institute for the Fiduciary Standard, said in a statement, "Fiduciary duties have defined relationships of trust and confidence in investment advice for generations. Yet, in recent years the meaning of *fiduciary* has been transformed, so many investors today are confused or skeptical or downright distrustful of financial professionals – even fiduciaries. Investor misconceptions about who’s selling products and who’s offering advice, and what they pay, are pervasive.”

“This ‘Made in Washington’ confusion parallels a ‘new view’ of fiduciary, seen in statements of regulators, policymakers and brokerage lobbyists. This ‘new view’ suggests a true fiduciary standard is unnecessary or outright harmful and must be altered to better accommodate conflicted sales practices. This ‘new view’ is profoundly ‘anti fiduciary’ and deeply troubling.”

“*Best Practices* are designed to help investors identify true fiduciaries committed to objectivity, transparency, and plain English communications. Crafted to be concrete, verifiable and understandable – Best Practices communicate to investors how true fiduciary advisers and brokers are a breed apart,” Rostad concluded.

Vanguard Founder Jack Bogle on the Best Practices

Vanguard founder John C. (Jack) Bogle, who co-chairs the Council of Advisors on the Best Practices initiative, notes: "*America’s bloated financial system has earned the distrust of our nation’s investors. Far too often, the interests of asset managers and registered investment advisors overwhelm the interests of investors. As it is said in holy writ, “No man can serve two masters.” In short, salesmanship has trumped steward-ship in our nation’s financial system. The time has come for the field of investment advice to return to its traditional values of fiduciary duty and trust. The “Best Practices” proposal of the Institute for the Fiduciary Standard is an important first step.*

Tamar Frankel on Investor Mistrust , “Not since the 1930’s

Boston University fiduciary law scholar, Tamar Frankel, who also co-chairs the Council of Advisors for the Best Practices initiative, underscored the relevance of investor distrust, *"Not since the 1930s have investors so mistrusted their advisers. Advisers must take this mistrust seriously. The time has come for advisers to publicly explain how they are committed to fiduciary principles in the service of their clients."*

NAPFA, Institute Best Practices Partner

The National Association of Personal Financial Advisers (NAPFA) partners with the Institute on the Best Practices Initiative. NAPFA CEO, Geoffrey Brown, states, *"The development of advisor best practices supports NAPFA’s goals of advancing fiduciary principles to protect consumers and elevate the ethical and educational standards for financial planning professionals. We look forward to hearing the feedback garnered through the public comment period."*

Best Practices Board

The *Best Practices* were drafted by the Best Practices Board over the past ten months. The Best Practices Board members are:

Clark M. Blackman II, CFA, CPA/PFS, AIF, Alpha Wealth Strategies LLC
Bryan D. Beatty, CFP®, AIF®, Egan, Berger & Weiner LLC
Christopher W. Cannon, CFA, Firstrust
William C. Prewitt, M.S., CFP® Charleston Financial Advisors, LLC
Knut A. Rostad, MBA, AIF®, Institute for the Fiduciary Standard

Institute Developing Protocols and Procedures to Verify Compliance with Practices

The Institute is working with outside experts to develop procedures to verify that an adviser or broker meets the Best Practices. Brian Hamburger, Chief Counsel to the Best Practices Board notes, *"We can create the greatest set of standards for the industry, but this initiative seeks to go beyond that. If a firm's achievement against these practices is not measurable then they will have little value and no merit."*

Public Comment

The Institute seeks public and industry comments on the Best Practices, and asks that these comments be emailed to the Institute by Monday March 9, 2015 at: info@thefiduciaryinstitute.org

Sources for Comment on Best Practices

Michael E. Kitces
Partner, Director of Research
Pinnacle Advisory Group
Columbia, Maryland
Michael@kitces.com; 703-375-9478

Daniel B. Moisand
Principal and Financial Advisor
Moisand Fitzgerald Tamayo
Dan@moisandfitzgerald.com; 407-869-6228

Ron A. Rhoades, JD, CFP®
Assistant Professor, Business Department
Alfred State (SUNY)
RhoadERA@alfredstate.edu; 607-587-3469

Council of Advisors

The Council of Advisors formed to advise the Best Practices Board in crafting best practices for fiduciary advisors.

The Council of Advisors is co-chaired by John C. (Jack) Bogle, Founder, The Vanguard Group and Tamar Frankel, Michaels Faculty Research Scholar at Boston University School of Law. Council members include: Steven G. Blum, The Wharton School, Deborah S. Bosley, The Plain Language Group, Robert G. Kennedy, University of St. Thomas Opus College of Business, Woodrow W. Leake, retired university professor, and Edward J. Waitzer, Osgoode Hall Law School and Schulich School of Business, York University

Contact:

Knut A. Rostad, President
Institute for the Fiduciary Standard
Office: 703-821-6616 x 429
Mobile: 301-509-6468
kar@rpj advisors.com
www.thefiduciaryinstitute.org