

*From Bob Veres, Inside Information, a nice comment on Knut's recent blog in Advisor Perspectives on the SEC Reg BI. The comment is noted here.*

MEDIA REVIEWS - October 16-23, 2018

Good evening.

Once again, I've added some Advisor Perspectives articles to the (rather thin) editorial fare coming from Investment Advisor these days—although there are four columnists from the magazine who routinely show up on my “high” relevancy list.

In Advisor Perspectives, Knut Rostad not only takes issue with the recently proposed Reg BI standards, but with the SEC's entire approach to regulating brokerage firms as if they were advisors. He proposes alternative disclosure language, which the brokerage firms will forbid the SEC from adopting.

Larry Swedroe has an interesting article on whether TIPS or Treasuries make more sense in client portfolios today, and Bob Huebscher reports on Harold Evensky's final presentation of his long and storied career. (He will, however, continue in his role as chief investment strategist at Evensky Katz/Foldes.)

Investment Advisor includes the usually great columns by Mark Tibergien, Angie Herbers, Dan Skiles and Tom Giachetti, but this time there's an additional article that is pretty good: they look at creating a new defined benefit plan out of 401(k) lump sum distributions, with the success or failure based on seven key metrics (or client outcomes).

Have a terrific week.

Best,

Bob Veres

Inside Information

<http://www.bobveres.com>

Insider's Forum conference

September 11-13, Nashville, TN

Articles in Advisor Perspectives with a “high” relevancy rating:

## **“The SEC Isn’t Giving Us Straight Talk”**

by Knut Rostad

*Advisor Perspectives*, October 3, 2018

<https://www.advisorperspectives.com/articles/2018/10/03/the-sec-isnt-giving-us-straight-talk>

Relevance: high

The founder and CEO of the Institute for the Fiduciary Standard says that the SEC has been conducting focus groups with consumers, to see how well they understand the Reg BI disclosures, and whether the disclosures that brokers and advisors would be required to give their customers/clients are helping them better understand the nature of the advice they’re getting. Investors apparently have not been reacting well, calling the new disclosures incomprehensible.

The problem is that the SEC has been enabling, for years, the brokerage firms’ fiction that they are not sales agents; they are “trusted advisors” (using a variety of names borrowed from financial planning and investment advisor literature). So it may be impossible to reverse course and give consumers straight talk: that brokers are there to sell you products, not watch out for your best interests. Worse, a language expert found that Reg BI is written at a 14th grade reading level, when the average American reads at an 8th grade level.

The Fiduciary Institute proposes alternative disclosure for brokers: “We represent issues or underwriters who sell financial products. We do not represent you.” For advisors: “We must give you fiduciary advice in your best interest at all times. We only represent you.”

When hell freezes over.