

**Investment Consultant:** provides comprehensive and continuous investment advice. Fiduciary responsibility applies regardless of whether the person is:

- A registered representative (broker), registered investment advisor, and/or regulated by a bank or insurance company.
- Commission and/or fee based.
- Acting in a discretionary or non-discretionary capacity.

### **Defining the Investment Consultant**

The investment consulting industry is well into its adolescence, but still lacking the attributes and chiseled profile of a true unified and standardized profession:

- There is no oversight by one regulatory body
- There are no specific regulations designed for the investment consultant's unique roll.
- There are no defined practice standards
- There are no advanced education and training requirements

*Demarcation between "Broker" and "Investment Adviser" is not clearly defined, causing confusion within the industry and with the public.*

### **Global Standards Are Overdue**

What is here and has been pioneered by the Fi360® group, creators of the Accredited Investment Fiduciary® and Analyst designations, is a standardization model that is an ISO - like approach. Participants aboard are RCP & Partners - originators of fiduciary trust rating services, Geneva, Switzerland; QMI - largest registrar in North America, Toronto, Canada; SAI Global, largest registrar in Australasia, Sydney, Australia, Fi360 - developed practices for Investment Stewards and Investment Advisors, Pittsburgh, US and others. The acronym is CEFEX - Centre for Fiduciary Excellence.



*Standardization provides the framework for a common language, which facilitates the transfer of knowledge between the investment committee and their investment advisor, investment managers, and constituents.*

- The focus is on excellence - what can be done to improve the practices of an organization.
- Utility of transference - based on "Quality Management Systems" and internationally recognized procedures for conducting verifications of conformance to defined standards.

The following are the **GLOBAL FIDUCIARY PRECEPTS** that will be the basis of standardization:

- Know standards, laws, and trust provisions
- Diversify assets to specific risk/return profile of a client
- Prepare Investment Policy Statement (IPS)
- Use "prudent experts" and document due diligence.
- Control and account for investment expenses.
- Monitor the activities of "Prudent Experts".
- Avoid conflicts of interest and prohibited transactions.

The following is the **Fiduciary Quality Management System** - this is analogous to the ISO 9000 QMS Continual Improvement Process

- Organize
- Formalize
- Implement
- Monitor

*The above is an explanation of Unification and Standardization to come. FFA offers self assessment and certification services to discern whether the investment decision making process meets a fiduciary standard of care as well as compliance with the 2006 Pension Protection Act. (See Title VI).*

Our infrastructure has been carefully assembled so that we can serve our clients with the highest level of financial trustworthiness that a "Fiduciary Responsibility" requires. Secondly, our family enterprise clients require unique specialized services. Our services are designed to accommodate this niche. To summarize, we work overtime representing your best interests!

**Q: So, What is "Fiduciary Responsibility"? Why should this term be important to you?**

**A:** It makes all the difference in the world to you! Why? Most financial service providers avoid this responsibility like the plague! The term "Fiduciary" is inclusive of a substantial group of qualified people who have the LEGAL RESPONSIBILITY for managing someone else's money!

*Fiduciary status is determined by facts and circumstances. Fiduciaries have the most important, yet most misunderstood role in the investment process: to manage the investment practices, without which the other components of the investment plan can be neither defined, implemented, or evaluated. This is backed up by statutes, case law and regulatory opinion letters.*

**Q: So...how do you know if your present advisor is really working on your behalf and is complying with fiduciary laws?**

**A:** A partial solution is to ask for his/her credentials. A CPA, Attorney (JD), CFP®, EA, AIF®, AIFA®, ChFc, CLU and possibly some other designations clearly define and mandate this behavior.

**Q: What else?**

**A:** Ask your advisor to put in writing. A credential is not enough! If your advisor's legal compliance department does not allow this, then your advisor cannot legally represent that your best interests come first (see 2006 Pension Protection Act; Title VI in our Fiduciary Standards section).

**Q: Why?**

**A:** Because they represent the firm, their broker dealer. They sell products and recommend what their firm has approved. Some times there are sales incentives to offer those products and services. If you cannot get it in writing, then you have your answer. After that it is your choice.

*\*Recently, the Financial Planning Association prevailed in litigation vs. the Securities and Exchange Commission in reference to enforcing disclosure by financial institutions to the general public when they are acting in an advisory capacity or not. The 2006 Pension Protection Act, Title VI clearly designates those that are "Fiduciary Advisors" and what those responsibilities are.*

**Q: I have a small account. None of this is really important for someone that owns just a few different mutual funds is it?**

**A:** You deserve the same care and professionalism as someone with a very large account. If those investments are important to you, then you should call us for a complimentary consultation. There are some terrific options available that used to be reserved for only the wealthiest clientele. FFA offers these unique services to everyone. We have no minimums!

*FFA does act with fiduciary responsibility! We maintain Accredited Investment Fiduciary® status and practice within those standards. We do create Investment Policy*

*Statements (IPS's) and include investment indemnification. Therefore, you do get it in writing!*

**FFA® currently has Accredited Investment Fiduciary ®, AIF® designees and Certified Financial Planner Certificants™** (see associate profiles) as founders. We are committed to uphold fiduciary standards in our practice and to continue our involvement and requirements to practice at this level.

*"We have assembled the most state of the art fiduciary practices and education tools available today. Why? So you can easily learn financial success without any sales pressure.*

*Our role is to provide clients with reliable information that will help expand their decision-making comfort zone. Our hands-on product creation & leadership experience with privately held businesses, as well as applying fiduciary level standards can help business owners, families, and individuals thoroughly enjoy the financial planning process. Most importantly, we do the grunt work. That's the part of the job that our clients do not have the time or desire to do. We believe our clients should concentrate on what they do best.*

*We believe financial planning should be a family avocation, influenced by fiduciaries who exemplify leadership, strong family values, and offer reliable as well as consistent advice in the face of life transitions."*

*- Mike -*

For those observing or looking to learn more about Fiduciary Practices - we have Prudent Practices guide books for Investment Advisors, Investment Managers and Investment Stewards as well as Legal Memorandums. Please contact Mike or Roger about this.