

ASSESSMENT OF #BESTFIDUCIARIES

Using a fiduciary is the best way to protect and grow financial assets. Use the #BestFiduciaries for the very best outcomes.

Failing to understand and know what to expect from a fiduciary can result in serious disappointment or significant loss of financial assets. The checklist provided includes the most important attributes of #BestFiduciaries to enable you to make informed decisions about which are important to you and which are not.

The goal is to ensure that the fiduciary satisfies all that is most important to you.

The time it takes to complete this checklist is an investment in the protection of your financial assets. If you don't know the answer to an important item, it is wise to take the time to find it.

Name and firm of fiduciary	
----------------------------	--

Mark each item in the check column (✓) that applies to the fiduciary being assessed.

Does the Fiduciary...	What Does This Mean?	Why Is This Important?	✓	Importance to Me		
				Hi	M	Lo
1. Unambiguously and explicitly declare fiduciary status in writing.	A clear statement of fiduciary responsibility eliminates any doubt of the obligation to act in the client's best interest.	Such a declaration separates the #BestFiduciaries from those who only act as fiduciaries when laws and regulations require it.				
2. Demonstrate ability to earn reasonable returns and preserve financial assets.	A record of results produced for actual clients or independent testing of the fiduciary is essential in establishing the proof that the fiduciary is able to earn a return and minimize losses.	Assuming fiduciary responsibility is only valuable when the fiduciary has the ability to actually perform.				



Does the Fiduciary...	What Does This Mean?	Why Is This Important?	✓	Importance to Me		
				Hi	M	Lo
3. Have the skills needed to meet client’s specific needs and preferences.	Applicable skills may cover personal matters, business matters, types of investments owned, charitable giving, estate planning, health care, foreign languages, etc.	Having all required skills yields more reliable decisions and recommendations with less time taken and fewer errors.				
4. Fiduciary’s business is sustainable for the period of time when services are required.	Age of leadership and succession plan need to be considered if the fiduciary is expected to play a long term role.	The likelihood of having to find a replacement is reduced.				
5. Discover from clients what their best interests are and document them (#BestFiduciaries do not assume to know).	The #BestFiduciaries must understand the specific circumstances of each client in order to make decisions or recommendations that are prudent.	Fiduciaries who shortcut this process by assuming that they know what is in the clients’ best interest are likely to be wrong since individual circumstances vary greatly.				
6. Use the discovered best interests to drive decisions and not to justify existing intentions.	Fiduciaries must not only discover what clients best interests are but actually factor them into the decisions and recommendations they make.	The frequent practice of deciding what to recommend and then using each client’s best interest to support that decision is not acceptable for the #BestFiduciaries.				



Does the Fiduciary...	What Does This Mean?	Why Is This Important?	✓	Importance to Me		
				Hi	M	Lo
7. Use automation for decision making to maximize prudence, consistency, record keeping, operational efficiency and scale.	#BestFiduciaries rely on a pre-programmed process of interpreting client’s best interests to develop decisions and recommendations.	Using a manual process introduces potential human error and unreliable documentation.				
8. Use model portfolios to reduce the number of individual decisions and thus limit risk of making mistakes.	#BestFiduciaries have a range of pre-built features that are matched to each client’s best interest. Instead of creating a custom portfolio for each client, model portfolios are designed to fit specific client interests while avoiding needless repetition.	Model portfolios are more reliably updated to reflect changes in market conditions.				
9. Use objective criteria to select a platform or menu from which recommendations are made.	#BestFiduciaries pre-screen investments and products to limit the number that need to be reviewed and to limit the choices that are necessary for each client. The practice of selecting platforms on the basis of benefits derived by the fiduciary is not acceptable for #BestFiduciaries.	Selections are not biased to favor the fiduciary.				

Does the Fiduciary...	What Does This Mean?	Why Is This Important?	✓	Importance to Me		
				Hi	M	Lo
10. Incorporate active strategies that limit client losses during market turbulence.	Strategies can be used to limit losses at the point that a market decline is detected.	#BestFiduciaries anticipate market declines and put procedures in place to detect and then to react as soon as potential declines are detected.				
11. Oversee decisions made by others who are not qualified experts even when those individuals have the primary responsibility (such as employers).	It cannot be assumed that the party with the responsibility for making prudent decisions is qualified to make those decisions or even to know whether they are capable or not. This might occur with employer sponsored plans or other situations in which the responsible party is not an expert.	#BestFiduciaries will intervene to advise the responsible party to prevent imprudent decisions.				
12. Review all critical decisions even if not fiduciary's direct responsibility.	Decisions and recommendations made by the fiduciary often depend on conditions that are outside the scope of the fiduciary. These may include tax and legal considerations.	While the fiduciary may not be qualified to advise in these areas, #BestFiduciaries must take other factors into consideration.				
13. Assume a discretionary role to reduce risk of bad decisions by unskilled clients.	In a discretionary role, the fiduciary relieves the client from making certain decisions and assumes full responsibility for making them.	When the client's ability to make prudent decisions is in question #BestFiduciaries may assume the responsibility.				

Does the Fiduciary...	What Does This Mean?	Why Is This Important?	✓	Importance to Me		
				Hi	M	Lo
14. Unbundle fees and expenses to make it clear what compensation the fiduciary is receiving.	Fees and expenses are often “bundled” to make a simpler presentation of one cost that includes a variety of services.	Bundling is in conflict with the two roles of #BestFiduciaries: to earn a fair compensation and find the best price for the client.				
15. Test compensation to avoid excessive fees and to provide justification if such questions are raised.	Clients can inadvertently be charged excessive fees when uniform pricing is used.	The compensation earned from each client should be examined to establish that it bears a reasonable relationship to the cost of services to that client.				
16. Combine all of a client’s accounts into one fiduciary account whenever this is in the client’s best interest.	There can be good reasons for maintaining multiple accounts (tax requirements, different ownership, etc.) but bad reasons also exist, such as increasing fiduciary compensation.	An excessive number of accounts invites excessive fees.				
17. In changing to a fiduciary status, convert compensation dollar for dollar, except for cases of excessive compensation.	Non-fiduciaries who elect to or are forced to assume fiduciary responsibility may need to change their compensation structure resulting in a loss.	Delivering a fiduciary standard of care has great value and merits more compensation, not less.				

Does the Fiduciary...	What Does This Mean?	Why Is This Important?	✓	Importance to Me		
				Hi	M	Lo
18. Distinguish disclosures that are important to clients in a highly visible way.	The growing volume of regulatory disclosures has the unintended consequence of overwhelming important and relevant ones with others that are not meaningful or applicable.	#BestFiduciaries ensure that important disclosures do not go unnoticed.				
19. Only accept clients when compensation covers costs and do not represent excessive business risk.	The practice of offsetting losses and risks from certain clients with the compensation received from others puts the fiduciary and his/her clients at risk.	This practice should be avoided to maintain a sustainable practice that can serve its clients over an extended period.				
20. Use a simple, clear and short fiduciary agreement.	Fiduciary agreements often contain lengthy disclaimers that have little practical application other than to obscure other relevant provisions.	Fiduciary agreements of more than three pages are generally unnecessary and reflect a lack of mutual trust between the #BestFiduciaries and clients, in which case the lack of trust should negate the possible relationship.				
21. Employ a fiduciary standard of care for all clients and all activities and avoid mixed messages such as sometimes being a fiduciary and sometimes not.	Regulations require that certain activities are performed only by fiduciaries.	#BestFiduciaries do not limit the fiduciary standard of care to the activities defined in regulations but adopt that standard for all business activities.				



Does the Fiduciary...	What Does This Mean?	Why Is This Important?	✓	Importance to Me		
				Hi	M	Lo
22. Use a business arrangement that does not rely on incentives that may be in conflict with a client's best interest.	Incentives are paid to achieve a beneficial result for the payer so such payments are corrosive to the best interest of clients.	#BestFiduciaries do not accept incentives for making decisions or recommendations.				
23. Maintain insurance to adequately cover potential mistakes or accidents.	Regardless of the caution and preventative steps taken, fiduciaries remain vulnerable to errors and should protect clients by having sufficient insurance.	Liability insurance allows the #BestFiduciaries to make clients whole in the event of an error.				
24. Comply with regulations from SEC, Finra, DoL, IRS, and States as applicable.	Regulatory violations have the potential to shut down a fiduciary's practice and disrupt the service to clients.	Clients are protected by #BestFiduciaries who comply with all applicable regulations.				