

# We Are a Fiduciary

President Trump's directive to the Department of Labor (DOL) to review the Fiduciary Rule has brought to the headlines what it means to be a fiduciary and which investment professionals are deemed fiduciaries.

## A Little Background

Many investors who seek guidance with their investments don't understand the difference between an advisor at a broker-dealer and an advisor at a registered investment advisory (RIA) firm, nor do they understand that there are two standards of care in the financial industry. The brokerage industry has spent years (and who knows how much money) muddying the waters to make it as difficult as possible for the average investor to fully understand the difference.

RIAs are regulated by the Securities and Exchange Commission (SEC) or by state securities regulators and are held to the fiduciary standard, requiring them to always act in their clients' best interest. Polaris Greystone is an RIA. We work directly for our clients, and if we have a conflict of interest we must eliminate it or fully disclose all the material facts that relate to it and take steps to manage its impact. Our clients pay us a management fee to provide investment advice and to manage their portfolio. We do not earn commissions for products we sell.

Broker-dealers are regulated by the Financial Industry Regulatory Authority (FINRA), a non-governmental self-regulatory organization. FINRA-regulated advisors are held to a suitability standard, meaning their securities recommendations must be suitable based on a client's personal circumstances. The suitability standard does not require recommendations to be in the client's best interest. Nor does it require the avoidance of conflicts of interests. It's also important to realize that the brokerage industry tries to impress clients and prospective clients with the titles they give their advisors, such as Senior Vice President. The better at sales the advisor is, the more likely he or she will have an impressive title. It doesn't matter what the advisor's title is at their brokerage firm, they are a securities broker. The brokerage industry pays their advisors based upon "production," not based upon their good advice.

## A Little History

For more than six years, lawmakers and advocates fought to get the Department of Labor to raise the investment advice standards for retirement accounts. On April 6, 2016, the DOL announced the final Rule, to take effect on April 10, 2017. The Rule requires all advisors, including advisors at broker-dealers, to act as fiduciaries when providing retirement investment advice. Moreover, the DOL has a more stringent definition of fiduciary and requires that conflicts are resolved rather than merely disclosed.

On February 3rd the President instructed the DOL to perform an "economic and legal analysis" of the Rule. In order to perform this review, the DOL has proposed a 60-day delay to the Rule's implementation. The delay is widely anticipated, and it's possible the Rule will be rescinded.

## How Does This Impact Me?

As I mentioned earlier, Polaris Greystone already adheres to a fiduciary standard. We are also experienced in providing retirement advice under DOL rules. If you are a Polaris Greystone client, with 100% of your assets with our firm, the Fiduciary Rule won't impact you at all.

If you are a Polaris Greystone client with some of your assets held at a brokerage firm, consider having us give you a "second opinion" on those assets. We are happy to give you an unbiased assessment, including a cost evaluation, of your investments to ensure that the advice that you are receiving is consistent with your financial goals.

If you have not hired Polaris Greystone to help you with your finances, take advantage of our complimentary financial plan. Our comprehensive evaluation will assess your portfolio, estate plan, insurance, real estate and mortgages. Anything that touches your financial life will be discussed. Our goal is to help you set and accomplish your long-term financial goals. This is all done without any obligation of working with us. We are that confident that you will find value.

As always, we welcome your comments and questions.



**Sincerely,**

**Jeffrey J. Powell**

Managing Partner