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NEWS

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Adviser Groups to RIAs: Show Your Independence, Explain to the SEC How You're Different from Brokers

Time-urgent "Raise Your Voice" campaign begins now

Washington, D.C., June 28, 2018 – Several nationally recognized groups of fiduciary advisers today announced an initiative to urge RIAs (SEC and state registered investment advisers) to write the SEC (Securities Exchange Commission) and explain how independent financial advisers are different from brokers. The initiative launches as the SEC seeks comments on proposed rules related to standards for FINRA licensed brokers and SEC / state registered investment advisers. Comments are due August 7th and should be emailed to rule-comments@sec.gov (Subject line: S7-08-18).

The Institute for the Fiduciary Standard has created a page where interested advisers can download ready-to-use flyers and social media graphics:

www.TheFiduciaryInstitute.org.

“Most RIAs believe the proposed rules, introduced April 18th, do not adequately explain broker and adviser differences,” said Knut A. Rostad, president of the [Institute for the Fiduciary Standard](http://www.TheFiduciaryInstitute.org). “The proposed rules depict broker and adviser conduct as essentially the same, like identical twins. This depiction is confusing and wrong. The legal, contractual, business and cultural differences dividing brokers and advisers are important, and must be clearly stated and explained.”

“Registered investment advisers – also know ‘in short’ as RIAs – can point out these differences, noted by the courts, in basic human terms. In a broker relationship there are three entities involved – the company

that is manufacturing and/or selling the investment or insurance products, the customer purchasing the products, and the broker in the middle who earns a commission for products sold. On the other hand, in an adviser relationship there are just two entities: the client and the adviser. The adviser and the broker treat retail investors in entirely different ways,” Rostad said.

The Institute for the Fiduciary Standard has posted additional guidance on what the Board believes fiduciary advisers should do for clients:

<http://www.TheFiduciaryInstitute.org/wp-content/uploads/2018/01/BestPracticesDec222017.pdf>

FIDUCIARY ADVISOR GROUPS ECHO NEED TO SPEAK UP NOW

Several nationally known fiduciary adviser groups are joining the Institute for the Fiduciary Standard in rallying members to speak up now. The adviser groups taking an active stance include:

- National Association of Personal Financial Advisors (NAPFA) (www.NAPFA.org)
- Garrett Planning Network (www.GarrettPlanningNetwork.com)
- XY Planning Network (www.XYPlanningNetwork.com)
- Alliance of Comprehensive Planners (ACP) (www.ACPlanners.org)
- The Committee for the Fiduciary Standard (www.TheFiduciaryStandard.org)

“NAPFA members have a long standing tradition of providing advice under a fiduciary standard of care to all clients, at all times,” said Geoffrey Brown, CEO of NAPFA, the nation’s largest association of fee-only financial professionals. “To suggest, as Reg BI does, that fiduciary duties should only apply at the very moment a recommendation is uttered would be confusing. It would be wrong.”

“If you want advice from someone who has chosen to put your interests ahead of their own, look no further than the members of one of these fiduciary champions,” said Sheryl Garrett, CFP®, founder and CEO of the **Garrett Planning Network**, a national network of hundreds of hourly-based, fee-only financial planners. “These financial professionals know that real advice is not ‘incidental’ – in fact, it’s exactly the opposite and it’s why we exist.”

“**XY Planning Network** seeks to bring real financial planning advice to Gen X and Gen Y because we believe consumers should have a choice between a sales person who provides only incidental advice and a financial planner who provides real financial advice,” said Michael Kitces, CFP®, co-founder of the XY Planning Network, the nation’s leading organization of fee-only financial advisers focused on working with clients on a monthly subscription basis.

Advisers: Act Now!
Tell the SEC You're Different

Brokers and advisers have different relationships. Brokers are in relationships of three. Advisers are in relationships of two.
Advisers: act today! Comments due to the SEC by 8-7-18
Find helpful information here: www.TheFiduciaryInstitute.org

A special message from: **NAPFA** **GARRETT PLANNING NETWORK** **ACP**
INSTITUTE FOR THE FIDUCIARY STANDARD **XY PLANNING NETWORK** **THE FIDUCIARY STANDARD**

“ACP members have been practicing as fiduciaries for 25+ years,” said Jim Davis, CFP®, EA, current president of the ACP Board of Directors (ACP members work under a fee-only retainer model with their clients). “Let’s take an example from the medical field as a way of highlighting the differences between a broker and an RIA: Consumers shy away from asking for prescription advice from a pharmaceutical salesperson -- they know that a trained medical doctor can help them make an informed choice. The SEC can best serve the public by making the differences between a financial salesperson and a fiduciary advisor crystal clear.”

The Committee for the Fiduciary Standard, Chair, Patricia Houlihan, says, “The Investment Advisers Act of 1940 allows an exemption from registration to brokers whose advice is ‘solely incidental’ to their role as securities brokers. We submit that if a broker holds out as an “adviser” or “advisor” or like term, it is contradictory and just wrong to then assert that advice is solely incidental.”

To read all the proposed rules that might be of interest to an RIA:

- <https://www.sec.gov/rules/proposed/2018/34-83063.pdf> S7-08-18
- <https://www.sec.gov/rules/proposed/2018/34-83062.pdf> S7-07-18
- <https://www.sec.gov/rules/proposed/2018/ia-4889.pdf> S7-09-18

Comments to the SEC are due August 7, 2018. Fiduciary financial advisers should email their comments to rule-comments@sec.gov. The “Raise Your Voice” group suggests fiduciary advisers pay special attention to S7-08-18. Subject line should read: S7-08-18.

ABOUT THE “RAISE YOUR VOICE” FIDUCIARY GROUPS

Institute for the Fiduciary Standard

The Institute for the Fiduciary Standard formed in 2011 as a non-profit to provide research and education on the vital role of the fiduciary duties for investors and the capital markets. The Institute’s Best Practice advisers affirm their fiduciary and fee-only practices to the SEC. Advisers and consumers who visit the site will find educational information and the Best Practices Registry of advisers. See www.TheFiduciaryInstitute.org.

National Association of Personal Financial Advisors

The National Association of Personal Financial Advisors (NAPFA) was established in 1983. NAPFA members adhere to high-level fiduciary standards such as professional competency, comprehensive financial planning and commission-free compensation. Today, NAPFA is the leading professional association dedicated to fee-only financial planning. Consumers can use the NAPFA system to find a NAPFA-registered advisor at www.Napfa.org.

Garrett Planning Network

The Garrett Planning Network has a nationwide membership with hundreds of independent, fee-only financial planners providing fiduciary advice to people from all walks of life, without minimum account

requirements, sales commissions, or long-term commitments. Consumers can use the Garrett system to find a fiduciary advisor at www.GarrettPlanningNetwork.com.

XY Planning Network

XY Planning Network (XYPN) is the leading organization of fee-only financial advisors who specialize in providing comprehensive financial planning to Gen X and Gen Y consumers for an affordable monthly subscription fee and without any product sales or asset minimums. All members listed on the XYPN website have taken a fiduciary oath to act in the best interests of their clients, have a clean regulatory record, and have, at a minimum, earned the CFP® mark of distinction to affirm their financial planning expertise and experience. XYPN advisors can be searched by their specialization, and are available to work locally or virtually. Learn more at www.XYPlanningNetwork.com.

Alliance of Comprehensive Planners

Alliance of Comprehensive Planners (ACP), formerly Alliance of Cambridge Advisors (ACA), is a community of tax-focused financial planners who provide comprehensive planning strategies for their clients on a fee-only retainer basis. ACP members are required to maintain the CFP® or CPA/PFS (or equivalent) designation, complete ACP's rigorous training program, and meet some of the highest continuing education requirements in the industry. To learn more about this fiduciary network or to find a certified ACP member, visit www.ACPlanners.org.

The Committee for the Fiduciary Standard

The Committee is an advocate for the authentic fiduciary standard as established under the Investment Advisers Act of 1940. The Committee seeks to help inform and nurture a public discussion on the fiduciary standard. Its objective is to ensure that any financial reform regarding the fiduciary standard, (1) meets the requirements of the authentic, undiluted fiduciary standard, as presently established in the Investment Advisers Act of 1940, and ERISA, and (2) covers all professionals who provide investment and financial advice or who hold themselves out as providing financial or investment advice, without exceptions and without exemptions. The Committee recommends clients take control of the relationship and have their advisor sign this no nonsense, simple to understand, fiduciary oath: http://www.TheFiduciaryStandard.org/wp-content/uploads/2015/02/fiduciaryoath_individual.pdf

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