FIDUCIARY 101

WHAT CONSUMERS NEED TO KNOW TO PROTECT THEMSELVES

01

What is a fiduciary?

A fiduciary is a professional entrusted to manage assets or wealth while putting the client's best interests first at all times. Financial advisors who follow a fiduciary standard must disclose any conflict, or potential conflict, to their clients prior to and throughout the advisory engagement. Fiduciaries will also adopt a code of ethics and will fully disclose how they are compensated.

02

Who is a fiduciary?

Registered Investment Advisors (RIAs) are held to a fiduciary standard of care. By law, they must act solely in the best interest of their clients. To ensure your advisor or a potential advisor is following a fiduciary standard, request to see the advisor's ADV (a form filed with the SEC) or ask if they will sign a Fiduciary Oath.

03

How can you find a fiduciary?

Accountability is important in financial planning. While there are many people in the financial industry who profess to have their clients' best interests at heart, they still may have conflicts that impact their recommendations. It's important for consumers to ask the right questions of any potential advisors. Check out **NAPFA's Comparison Tool** for tips on choosing advisors and a sample advisor Fiduciary Oath.

THINGS TO KNOW

Non-fiduciary financial professionals can recommend investments with higher fees, riskier features and lower returns because they earn more money for the advisor, even if those investments are not the best choice for their clients.

The **White House's Council on Economic Advisers** found that non-fiduciary advice costs investors $17 billion a year.

NAPFA
THE NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS