

I have been practicing personal financial planning since 1983. Prior to that I was employed by Arthur Young & Co. , now Ernst & Young, and Hewlett Packard. When I entered the financial advisory business, I did so with the skepticism of an auditor, very conscience of the need for “independence” when rendering an opinion, and for not taking things on their face value, to look deeper.

I looked around in 1983 for providers of financial advice to see if there was a firm I could hook up with to get experience. To my dismay, the only firms that were holding themselves out as financial planners or advisors were either insurance companies or brokerage firms. Success would require the ability to sell, not advice, but product. Stubborn, I decided to start my own business as a Fee-Only advisor where my sole compensation would be paid directly by the client. No other form of compensation would be accepted. It took me five years to make the same income that I last earned at HP. Now we have six employees helping 130 client households manage over \$200 million and provide financial assistance in a number of areas including: cash flow, debt management, education funding, insurance, retirement, tax planning and estate planning.

I cringe every time I see the expensive marketing campaigns of the insurance and securities industries as they attempt to place their service in front of the public as “advisory” in nature. The goal of advisor/employees of insurance companies or brokerage firms is to make money for their employer, not to provide impartial advice to customers or clients.

It is not sufficient for conflicts of interest to be disclosed. The public has a greater need for protection. The way to do it is simple. The only professionals that should be able to hold themselves out to the public as “advisors”, whether they be financial “advisors” or investment “advisors” is for those individuals to have a fiduciary responsibility to review a client’s situation and to make recommendations that are in that client’s best interest.

If a planner, advisor, consultant, wealth manager, (add any other name used by financial professionals who hold themselves out as providing advice) owes any duty other than a duty to the client, that person should NOT be permitted to hold themselves out as an “advisor”, “consultant” or any other name that connotes an advisory nature in the relationship. Let them be called agents, brokers, salespersons, names that describe their legal role, not some contrived marketing role.

This is a critical issue. The vast majority of American citizens will not be able to receive enough financial education for them to tell the wolves from the sheep. Time and time again they are taken advantage of by being sold insurance policies that pay high commissions, instead of high death benefits, mutual funds via classes that charge high fees instead of low fees, annuities that promise guaranteed income for life, only to find out there is a ten year surrender charge and a 3% annual charge on a portfolio that could have been duplicated outside the contract at a much lower cost. The more many “advisors” sell the closer they often get to a free trip. Where are the customer yachts?

Please do not milk down the fiduciary standard to include financial professionals that do not and will not have a genuine, complete legal duty to clients. It’s really quite simple, if you are an “advisor” you need to walk the walk, there has been enough talk.