I am a financial planning professional who works with middle and upper middle income clients. I operate both in an advisory and a broker capacity depending on the clients needs. There are situations where a broker relationship is in the clients best interest to deliver the best overall financial outcomes. It is the lower income/smaller asset client who will fall through the cracks if the fiduciary standard is mandated in all relationships. It will be difficult to accept the added liability and expense for these smaller clients. Fee-only models are also more expensive for smaller accounts.

In additional to my CRPC and CRPS designations which both require adherence to a code of ethical standards and require continuing education that includes ethics and suitability classes, I am registered with the FINRA as a series 6 and 63. I am continuing my education by preparing for a series 65 as well as my ChFC designation. All of these require ethics as a part of passing any course. I am required to take both FINRA and my broker/dealer's continuing education elements. My life and health insurance license also require continuing education that includes ethics and suitability requirements. I estimate that I spend approximately 15% of my time on education and compliance related tasks.

I could make the case that the suitability standard of compliance currently provides better consumer protection because of its resultant proactive training, documentation, and focus on prevention of consumer problems. The fiduciary standard enforces primarily through lawsuit and retroactive enforcement.

These are the outcomes of the implementation of the new standard:

1) No improvement in quality of financial advice.
2) Increased costs to financial professionals which will be passed on to clients - lower income clients will be priced out of the service.
3) It will be more difficult for financial professionals to get their start in the business and many experienced professionals will choose to get out of the business. Less competition and fewer consumer choices will lead to increased cost and decreased availability of quality advice. Everyone will choose to work with the wealthy to be more profitable.

As I think of the high profile (and some local) cases of fraud committed by financial professionals against their clients. In every case, those advisers had a fiduciary relationship with the clients that were harmed.

I understand that one of our professional associations, the FPA supports the new fiduciary standard. I disagree with this association and feel that they are acting in the association's best interest, not in the interest of the practitioner or client. The National Association of Insurance and Financial Advisors (NAIFA) has taken a more thoughtful position on this topic. I would ask that you review their position.

Please carefully consider the unintended consequences of this action prior to implementation of this new standard. A new law will not completely eliminate the cases of fraud in this industry. There will always be a few bad apples but that doesn’t mean that we need to destroy the entire crop.

Thank you for taking the time to read my thoughts on this matter.