

The DOL revised its 1975 definition of fiduciary for the first time in more than 40 years to include those who are not fiduciaries under the existing rule, but should be based on their role in advising clients about retirement. The fiduciary standard calls for all advisors to be held to a higher standard than previously prescribed suitability requirement and be legally obligated to act in the clients' best interest. With a goal to eliminate conflicts of interest for financial advisors; particularly those related to remuneration, the rule also shines a bright light on fees. As we read it, every advisor will become a fiduciary and may receive compensation directly only from retirement clients, absent an exemption.

Ahead of our time.....As one of the earliest adopters of fee-based investments Sucré-Vail Wealth Advisors is one of the oldest RIAs in the state of TEXAS. Therefore SVWA has always been a fiduciary for our clients' accounts. Many years ago I created this chart because most investors are unaware of the difference between an RIA (Registered Investment Advisor) and a Broker.

As previously mentioned this new DOL (Department of Labor) Rule, forces all advisors to act as a fiduciary for ONLY retirement investments such as all IRAs, Erisa Retirement plans & pensions requiring more than suitability as well as full disclosure of commissions and fees.

What is confusing is, if licensed fiduciary advisors already exist, what is the reason for forcing the hand of brokers? Stay tune several laws suits have been filed to stop this regulation. You can be assured SVWA will continue to provide the unbiased, objective advice that our clients are accustomed to receiving.

## Broker & Registered Investment Advisor Key Distinctions

### Broker

- A Broker is not a fiduciary. A broker, or registered representative, is required only to recommend investments that are "suitable."
- Lack of requirement to provide full disclosure – possibility of multiple layers of fees.
- A broker is essentially a sales agent of his/her firm
- Brokers are often tied to specific products because of negotiated deals between vendors and their parent company.
- An investor should consider the parent firm of the broker and the stability of the custodian among many other factors.

### Registered Investment Advisor

- A RIA, subject to the Investment Advisors Act of 1940 and has a fiduciary duty to place a client's interests ahead of his own.
- Fees tend to be less with an RIA..
- An RIA gets paid for advice rather than for trades, thus no incentive to do trading in client accounts
- An RIA cannot sell commission products nor are they allowed proprietary products.
- An RIA provide a level of independence unavailable with traditional Brokers.
- Assets are typically held with qualified third-party custody firm.