

Seeking Financial Advice?



Avoid Conflicts of Interest

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SEVERAL WELL-KNOWN INSURANCE COMPANIES have begun tapping into the financial advisor space through their respective Insurer and Broker-Dealers (IBDs). At the same time, the Certified Financial Planner (CFP®) Board's new code of ethics and standards of conduct has been updated to ensure clients are aware of potential conflicts of interest. The insurers' IBDs are issuing disclosure statements — complex and confusing and in some cases up to eight pages long — to notify consumers of their potential conflicts.

The IBDs don't have to say anything to a potential client, only hand the disclosures to them. They're not likely to be read. However, it would be advisable to do so, as they contain some very important revelations that should concern any potential client.

Many IBD "advisors" are incentivized by the commissions they can earn to sell proprietary insurance products, that is, products created by or for the insurance companies. The companies want their advisors to push those products because they generate higher commissions for the company as well as the advisors. They are also often encouraged to sell more expensive insurance products, like whole life insurance over term, to further increase their compensation. Others are encouraged to sell a proprietary variable annuity over a mutual fund, again, to generate a higher commission. Besides the commissions, they can earn cash bonuses, subsidies toward retirement, travel rewards and other forms of compensation by selling their own company's products.

While these potential conflicts are laid out in the disclosures, they are commonly camouflaged by reminders that these companies have built long-term client relationships "based on trust." The insurers admit their conflicts are complex and opaque, but are quick to point out they are following the rules by disclosing them.

The more research I do and disclosures I read, the prouder I am to be a partner in a firm that takes our fiduciary duty seriously. Fiduciary. It means we put our clients' interests

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ahead of our own — always. And it's not just an obligation, it's the principle, the belief, the commitment our firm was founded on. We tailor our service and the products we recommend to best fit our clients' needs, instead of trying to find ways to fit clients into a product. We are an independent firm with no shareholders to answer to. We have a wide universe of investment and insurance products available to us, and we do the due diligence to help our clients receive superior solutions that address their specific challenges and objectives.

We don't try to "sell" our clients; we want to engage with you to help you reach your goals: retirement, educating children, planning your estate, and more. We start by working with you to develop a plan, then continuously monitor your plan to ensure progress toward your goals, including as they change over time. It's our fiduciary duty, yes, but more so, a matter of integrity.

Simply stated, when you seek financial advice, make sure you choose an advisor who puts your interests ahead of his or her own.

IMPORTANT DISCLOSURES

The information included in this document is for general, informational purposes only. It does not contain any investment advice and does not address any individual facts and circumstances. As such, it cannot be relied on as providing any investment advice. If you would like investment advice regarding your specific facts and circumstances, please contact a qualified financial advisor.

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