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ARE YOU ASKING YOUR FINANCIAL ADVISOR THE RIGHT QUESTIONS?

By: ANDREW DATILLO, CPA

Last week the current administration requested that the Department of Labor review the current fiduciary rule that was originally set to take effect in April 2017. The rule would automatically elevate financial advisors, whose work involves retirement plans or retirement planning advice, to be bound to fiduciary standards. The standards would require the financial advisor, as a fiduciary, to act in the client's best interest, avoid conflicts of interest when possible and to be transparent with the client about compensation and fees charged to the portfolio.

Currently, financial advisors are required to adhere to the suitability standards that require brokers to make recommendations that are suitable to the client's current situation but not necessarily in their best interest. The suitability standard also does not require conflicts of interest or compensation and fees to be disclosed to clients.

With the new rule under review, now is a great time to revisit the current rules and their impact on your own retirement investment portfolio. In evaluating a financial advisor, you should ask the following questions:

- Are you a Registered Investment Advisor? (Only Registered Investment Advisors are presently required by law to adhere to the fiduciary standards)
- Do you have any potential conflicts of interest with any investments in my portfolio?
- What are all the fees and commissions coming out of my retirement account or portfolio? Who gets each and why?

While the future of this fiduciary rule is unknown, asking the above questions will help protect you and your investment portfolio.

If you have questions about this or any other business or tax issue, please contact your Account Manager or [Andrew Datillo, CPA](), at (314) 205-2510 or via email at adatillo@connerash.com.