

CPA Wealth PROVIDER

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For a Successful Financial Planning Practice

Choosing a Fiduciary Advisor

GENERALLY SPEAKING, CLIENTS WHO REQUIRE FINANCIAL advice are better served by fiduciaries.

Anyone giving advice is acting in a fiduciary capacity. If an advisor is not willing to serve as a fiduciary, a client should be cautious. It may be the result of an advisor not having adequate training, experience, or conviction in his or her recommendations. A fiduciary is clearly obligated to put himself or herself on the side of the client. Their recommendations are made in the best interest of the client, not because there is a potential economic benefit to be gained.

Banks and other trust institutions have fiduciary relationships with their clients. This essentially means that trust officers or wealth advisors, as representatives of their banks, must always act in the best interest of all the other parties on issues within the scope of the relationship. It's important to emphasize that the bank is the fiduciary and the officer acts as a representative of the bank.

According to the American Bankers Association, "fiduciary" is defined as a

relationship between two persons, founded on confidence and trust, requiring that each person exercise a corresponding degree of loyalty and good faith. Examples of fiduciary relationships include the relationship between an agent and a principal, a person or trust institution charged with managing a trust account for another, a guardian's relationship to a client, or a trustee's relationship to a beneficiary. A fiduciary is also defined as a person or trust institution given certain

Ralph Wileczek, CTFA,
is Vice President,
Lehman Brothers,
Philadelphia, PA.



property to hold in trust according to a trust agreement.

Working with a fiduciary provides a layer of protection to clients. The client has legal recourse if his or her account isn't planned properly. And, there is perpetuity to the relationship. When you are a fiduciary, you maintain a long-term institutional relationship with your client that can outlive both parties.

If you don't have a fiduciary relationship, what happens when something goes wrong? Who is responsible? As a trustee, it's the fiduciary's job to plan for and preserve the client's assets year after year and ensure that dynasty planning stays intact. No one lives forever.

The Certified Trust and Financial Advisor (CTFA) credential lets clients know that I'm a fiduciary. It tells

them that I am an expert. It says that I have had sufficient training and experience, and that I am held to a high standard of professional and ethical behavior. It provides a powerful bond between my clients and me. It helps to establish trust, the foundation for any relationship.

When searching for an advisor to handle your financial needs, I suggest looking for a fiduciary. For many, the best place to start is a bank or trust company. The primary function of a bank's trust department or a trust company has always been holding, managing and protecting the assets of others. It's an example of relationship banking at its best. The advisor often develops close personal ties with clients—usually, the more complex the relationship, the closer the advisor-client tie. [CPA/WP](#)



INSTITUTE OF CERTIFIED BANKERS

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For additional information regarding the Certified Trust and Financial Advisor (CTFA) credential or to locate a CTFA near you, contact the Institute of Certified Bankers at 1-800-BANKERS or icb@aba.com. Visit the ICB website at www.aba.com/icb.