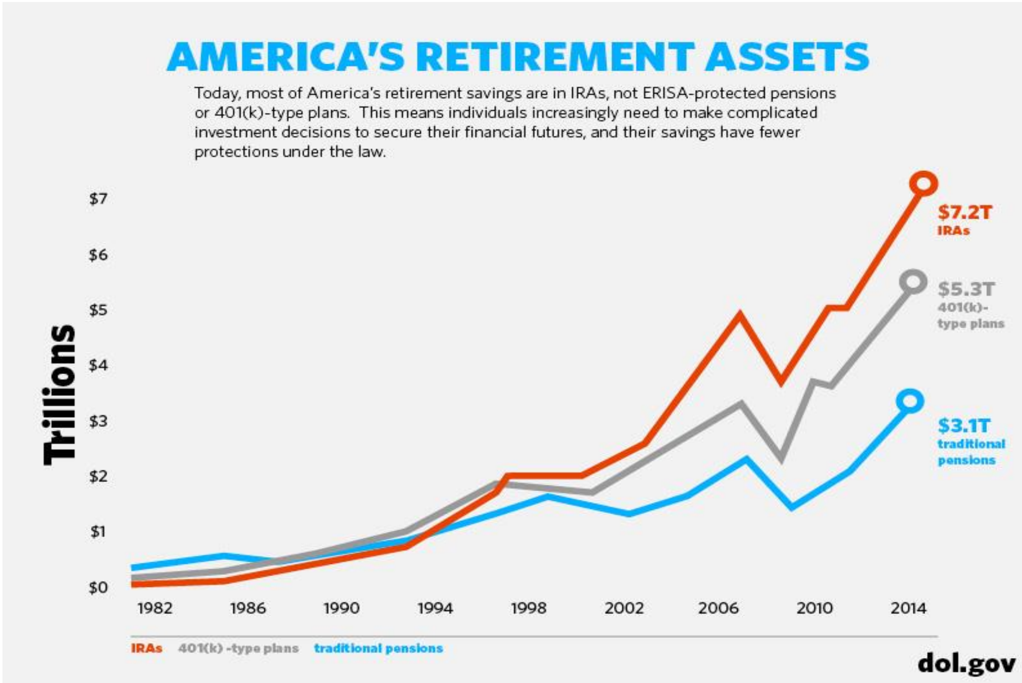
Topic: Its Fiduciary:
What to Do About Staying Ahead of the Curve

Whether you know or didn't know, the DOL (Department of Labor), published a lengthy awaited and controversial proposal to impose fiduciary duties across the retirement space. This fiduciary rule will change how firm works with the retirement community.

Why should the financial advisor community care?
There is a lot of money at stake here. The conflict of interest (caused by a lack of a fiduciary standard) results in losses of about 1 percentage point for affected investors; $17 billion a year total. The goal by the DOL is to require more retirement investment advice to be administered (client's best interest), but the method will be **different**.

What's the difference?

1. The proposed rule would require a "best interest standard" across a broad range of retirement advice, basically expanding the types of retirement advice covered across various aspects of the wealth management.
2. The label is moot; it doesn't matter what the advisor calls himself or herself, (broker, insurance agent, registered investment advisor etc.,) the "advisor" will have to provide impartial (objective) advice in their client's best interest and not accept any payments creating conflicts of interest.
3. Disclosures: Plan sponsors and the advisors will have to engage in candid- full disclosure type of conversation regarding fee model, objectivity and having a practice/system in place to meet fiduciary (no longer suitability) legislation.



What this means for the wealth management industry and You?
For many advisors reading news and updates regarding fiduciary legislation, the initial response is obvious; "I already focus on being client first".

But this rule isn't about *You* (the advisor reading this), it's for the brokers that won't be equipped to handle the fiduciary measure and the financial advisors opportunity to win net new assets. The new asset win might imply a greater influx of communications, follow ups, client onboard/new account opening, etc.

The influx of potential new assets into the RIA space from brokers will imply a greater need for business automation. Business automation, however, is not to imply robo-advisor; considering fiduciary measures must be required, a computer program can never be fiduciary and deliver tailored advice to the retiree's in the market. Robo-Advisors has its place for the underbanked and "just starting" individual, but it will never fill the void for the retirement market needing a tailored and human approach. For this reason, we will always remain bullish on humanity and the RIA segment.

Technology, Business Automation, and preparing for net new asset opportunity:
Based on the proposed rule by the DOL, it will require plan sponsors to open doors for new advisors to enter this space; great opportunity for RFP and fulfilling those RFPs. Because plan sponsors will need to acknowledge, in writing, all potential conflicts of interest, and more

objectivity that plan sponsors will increase the compliance aspect of vetting their vendors/providers.

This puts brokers on notice, and gives advisors, who are forward looking, time to think about how they will win RFP's. Thinking ahead (speaking from experience on filling out numerous RFPs and winning a few, losing a few), opportunistic advisors will need to focus on the following (today) in order to win tomorrow's opportunity with plan sponsors:

1. Prepare a system that supports business automation, not robo-advice. The RFP's will undoubtedly inquire: "How will your firm scale and provide advice to hundreds of participants within the plan sponsor and automate the fiduciary process?"

2. Understand the needs of the plan sponsor and its participants while having a methodical internal workflow system to monitor performance and advice. Not having these internal methods in place today will create greater complexity and chances for fall through for your clients to become upset and feel unattended.

3. Create a client segmentation process to segregate your business apart from plan sponsor customers vs. traditional (direct) customers. As a fiduciary and scalable wealth management firm, it will be key in any RFP process that an advisor create different approaches and engagement strategies to deliver tailored advice.

Let's Talk:
Let's explore the possibility for the future and how to build an advisory business that helps you scale your advice and meet a tailored solution. This is a key aspect and nothing to do with providing a "robo-solution".

Here, at AppCrown, we still believe in humanity.

Sincerely,

The AppCrown Team

Contact us: Sales@AppCrown.com