

Harold Evensky's Fiduciary Oath

By Harold Evensky

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Harold Evensky, the founder and principal of the Florida-based wealth management firm Evensky & Katz, shared with us the Fiduciary Oath he provides to his clients.

He offers two versions of the oath: one for [general use](#) and one for [clients](#). In addition, he has developed the letter below for advisors to provide to their clients. You will need to modify this for your own use.

Dear Client/Investor,

Who can you trust to give you unbiased investment advice? If you are like most people, you assume that someone who provides investment advice to you must be required to act in your best interests. Unfortunately, that's only true for some advisors – those who are fiduciaries.

Financial laws and regulations have two sets of rules. One set is for people who sell financial products, generally brokers and insurance company representatives. These salespeople are contractually obligated to place the interests of their employer ahead of the interests of their clients.

The other set of rules is for those who are registered as investment advisers with the federal Securities and Exchange Commission (SEC) or comparable state regulators. Registered investment advisers are legally obligated to place your interests first. They are fiduciaries. That means they must not only be loyal to serving your exclusive best interests, they also must adhere to a high standard of professional competence.

Unlike in other professions, such as law and medicine, anyone can call himself an investment or financial advisor – even if he is really a salesperson whose primary loyalty is to his employer rather than to the person he advises. This situation is confusing for investors, and it needs to change.

I am part of a grassroots organization of financial service professionals known as the Committee for the Fiduciary Standard. The Committee's goal is to educate legislators, regulators, and the investing public about the importance of protecting investors by extending the fiduciary standard to cover everyone who provides personalized investment



advice. Interestingly, the Committee includes a number of brokers and insurance representatives, in addition to registered investment advisers, who recognize how important it is to investors and society at large for advice to be truly trustworthy and based upon a uniform standard that requires advisors to be objective and competent.

The Committee has drafted the very straight-forward oath you will find on the next page that commits an advisor to adhere to a fiduciary ethic and, in so doing, to be accountable for the advice the advisor renders to you, the client. I have signed this oath to you as an affirmation of my pledge to always act in your best interests.

I strongly recommend that you insist that any advisor you work with be willing to sign this oath. The commitment is as simple as “mom and pop and apple pie.” If the advisor won’t sign the oath, you owe it to yourself to ask why you would trust your financial future to that advisor’s care.

I encourage you to share this letter and the oath with your family and friends.

Please call me if you would like more information about why it is so vitally important to work with a fiduciary when you seek advice. I would be delighted to discuss this subject with you further.

Sincerely,

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