



# A Fiduciary's Responsibility

by Cullen Douglass, CFP®

There's a lot of conversation today in the financial planning securities business about being a fiduciary and what that means. A general definition of a fiduciary is a person who holds a legal or ethical relationship of trust with one or more parties. Typically, a fiduciary works in the client's best interest.

But in determining if that's important, one has to understand another standard, the suitability standard. This suitability may not require that it's always in the best interest of a client, but that "at the time of the sale, that it was appropriate for the client." This means that if guidance for the client made sense today but didn't make sense in the future, there was no conflict for the advisor in the recommendations.

Why are there two standards? Because sometimes one standard better supports the transaction and the relationship.

The higher standard is the fiduciary standard. If someone has an ongoing relationship with my firm and we're doing goals-based planning while evaluating risk, the fiduciary standard is critical to protecting and working with the client. If someone doesn't want help or guidance but wants to do it on their own, probably the suitability standard makes sense.

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Cullen Douglass is a fee-based financial planner who designs unique personal financial plans and is compensated for his time and expertise. Under this fee structure, the planner is a fiduciary and has a legal and moral responsibility to place your interests first.

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