

# Financial Advisors as Fiduciaries



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 WHITE PAPER

Fiduciary Standard or Suitability Standard. . . What do either of these have to do with the management of your money? The answer is a lot and we'll examine that in this month's White Paper.

When a financial advisor says they are a "fiduciary", that means they have accepted the responsibility of always putting the client's interests first. Acting always in the client's best interest, without limitation, is one of the main reasons for the growth of independent Registered Investment Advisors (RIAs) like WT Wealth Management. Fiduciaries work squarely for the client and no one else.

An advisor who follows the Suitability Standard only needs to establish a reasonable belief that recommendations made regarding a client's interests are "suitable" for that client. That recommendation doesn't have to be the best option, just suitable. And the recommendation could benefit the advisor as well as the client. An advisor who receives a commission for the sale of a security or other investment product is generally not a fiduciary, acting only in the client's interests, because there is something in the recommendation for them.

So what are the specific differences between those who can serve as a fiduciary and those who cannot? Here are six key characteristics to consider:

## The Fiduciary Standard Model

Independent RIAs and their individual advisors are regulated by the Securities and Exchange Commission (SEC) or state securities regulators, both of which hold advisors to a fiduciary standard that requires them to put their client's interests above their own. In other words, advisors who act as fiduciaries must place their interests behind that of their clients.

### 1. The Ability to Serve Clients' Needs First

Independent advisors serve as "client advocates," with access to the whole of the market—that is, the ability to shop "The Street" for products and solutions that can best serve their clients' needs. Captive advisors at many nationally recognized firms essentially serve as "firm and product advocates", limited to the technology, products, strategies and technology platforms approved by their firms.



## ADVISORS AS FIDUCIARIES CONTINUED

At WT Wealth Management we are constantly searching for new products, innovative investment vehicles, while evaluating our own results and back testing new products and portfolio strategies to insure we are at the cutting edge of portfolio management and adding measurable value to our clients' accounts. We do this solely with the clients' best interests in mind and without bias or influence from any outside force.

### **2. A Higher Level of Checks and Balances**

In an independent RIA, asset custody is separated from the advisor's business and product development, thus creating a process of checks and balances as an integral part of the advisor-client relationship. WT Wealth Management uses TD Ameritrade, Charles Schwab and Folio Institutional as independent custodians that safe keep assets, produce statements, tax documents and execute trades with best price execution.

## Other Client-Centric Benefits

The client-centric-advisor experience, typical of a fiduciary, is one that emphasizes precise, specific, individualized, goals-based advice – meaning advice targeted to the individual at the right time – and delivered with clarity, mobility and transparency.





## ADVISORS AS FIDUCIARIES CONTINUED

### 3. The Ability to Think and Act Strategically

Independent RIA firms are often far nimbler and can invest in technology or implement customized services that they feel will have a positive impact on their efficiency and client service delivery.

WT Wealth Management has a diverse skill set and extensive experience in financial planning, estate planning, retirement planning, security selection, asset allocation and portfolio modeling. We can make decisions regarding security selection or asset allocation in a few days if we feel it benefits the client, whereas larger firms could take much longer to act.

### 4. A Clearer Management Fee Structure

RIAs, like WT Wealth Management, are only compensated by clients (e.g. asset-based fee). Captive advisors at many nationally recognized firms are often paid on performance measures that are focused first on the firms needs and may or may not even consider the client's needs.

WT Wealth Management also provides full and complete transparency about our management fees. Each quarter we post a fee billing statement to each client's portal. This billing summary plainly discloses the total fee charged, effective billing rate and the billable balance for each account. There's no guess work to understand how much we are compensated.

### 5. Account Performance Transparency

We built WT Wealth Management around complete transparency as to our results. With our client portal, powered by Advyzon, a client can log on and get a complete picture of the performance of their accounts as of the previous day's close of business. The client can see the entire performance picture for their household or each individual account. . . net of fees. No "kitchen table mathematics" or guesswork or approximations are required to determine the results.

### 6. Client Communications

On a monthly basis we communicate recent developments affecting the financial markets and our industry to our clients. Special Market Updates come at the beginning of each month to address and report on important events that are directly affecting client accounts and global financial markets . White Papers come mid-month and address a wide variety of topics, whether controversies (like investing in cannabis stocks or Crypto Currencies), current events (e.g., presidential election cycles or trade wars) or investment education (e.g., inverted yield curves or trading strategies). Individual advisors also produce articles and videos on various topics of interest for distribution to their clients.

The professionals at WT Wealth Management are able to research these topics, produce the content and deliver the information into clients' hands very quickly.



## A Shift in Dynamics

There's a shift in the dynamics of the wealth management space—it's becoming less about one investment model or portfolio strategy versus another and more about the ability of advisors to play enhanced roles in their clients' lives.



As Mark Tibergien, CEO of Pershing Advisor Solutions, recently stated, “when we look at those who are working within truly independent environments, we recognize that they’re making a fundamental change from being a broker to being a fiduciary advisor and from being a product advocate to being a client advocate.”

Ultimately, a fiduciary operates without conflict and with one driving force: the client’s best interests. WT Wealth Management enjoys filling that role.





## DISCLOSURE

WT Wealth Management is an SEC registered investment adviser, with in excess of \$100 million in assets under management (AUM) with offices in Flagstaff, Scottsdale, Sedona and Tucson, AZ along with Jackson Hole, WY and Las Vegas, NV.

WT Wealth Management is a manager of Separately Managed Accounts (SMAs). With SMAs, performance can vary widely from investor to investor as each portfolio is individually constructed and managed. Asset allocation weightings are determined based on a wide array of economic and market conditions the day the funds are invested. In an SMA, each investor may own individual Exchange Traded Funds (ETFs), individual equities or mutual funds. As the manager we have the freedom and flexibility to tailor the portfolio to address an individual investor's personal risk tolerance and investment objectives – thus making the account “separate” and distinct from all others we manage.

An investment with WT Wealth Management is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Any opinions expressed are the opinions of WT Wealth Management and its associates only. Information offered is neither an offer to buy or sell securities nor should it be interpreted as personal financial advice. Always seek out the advice of a qualified investment professional before deciding to invest. Investing in stocks, bonds, mutual funds and ETFs carries certain specific risks and part or all of an account's value can be lost.

In addition to the normal risks associated with investing, narrowly focused investments, investments in smaller companies, sector and/or thematic ETFs and investments in single countries typically exhibit higher volatility. International, Emerging Market and Frontier Market ETFs, mutual funds and individual securities may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles or from economic or political instability that other nations experience. Individual bonds, bond mutual funds and bond ETFs will typically decrease in value as interest rates rise. A portion of a municipal bond fund's income may be subject to federal or state income taxes or the alternative minimum tax. Capital gains (short and long-term), if any, are subject to capital gains tax.

Diversification and asset allocation may not protect against market risk or investment losses. At WT Wealth Management, we strongly suggest having a personal financial plan in place before making any investment decisions including understanding personal risk tolerance, having clearly outlined investment objectives and a clearly defined investment time horizon.

WT Wealth Management may only transact business in those states in which it is registered, or qualifies for an exemption or exclusion from registration requirements. Individualized responses to persons that involve either the effecting of transactions in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. WT Wealth Management's website is limited to the dissemination of general information pertaining to its advisory services, together with access to additional investment-related information, publications, and links.

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A copy of WT Wealth Management's current written disclosure statement discussing WT Wealth Management's registrations, business operations, services, and fees is available at the SEC's investment adviser public information website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) or from WT Wealth Management directly.

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