Fiduciary Excellence Framework:

Standards Beyond Legal Obligation

Fiduciary Framework

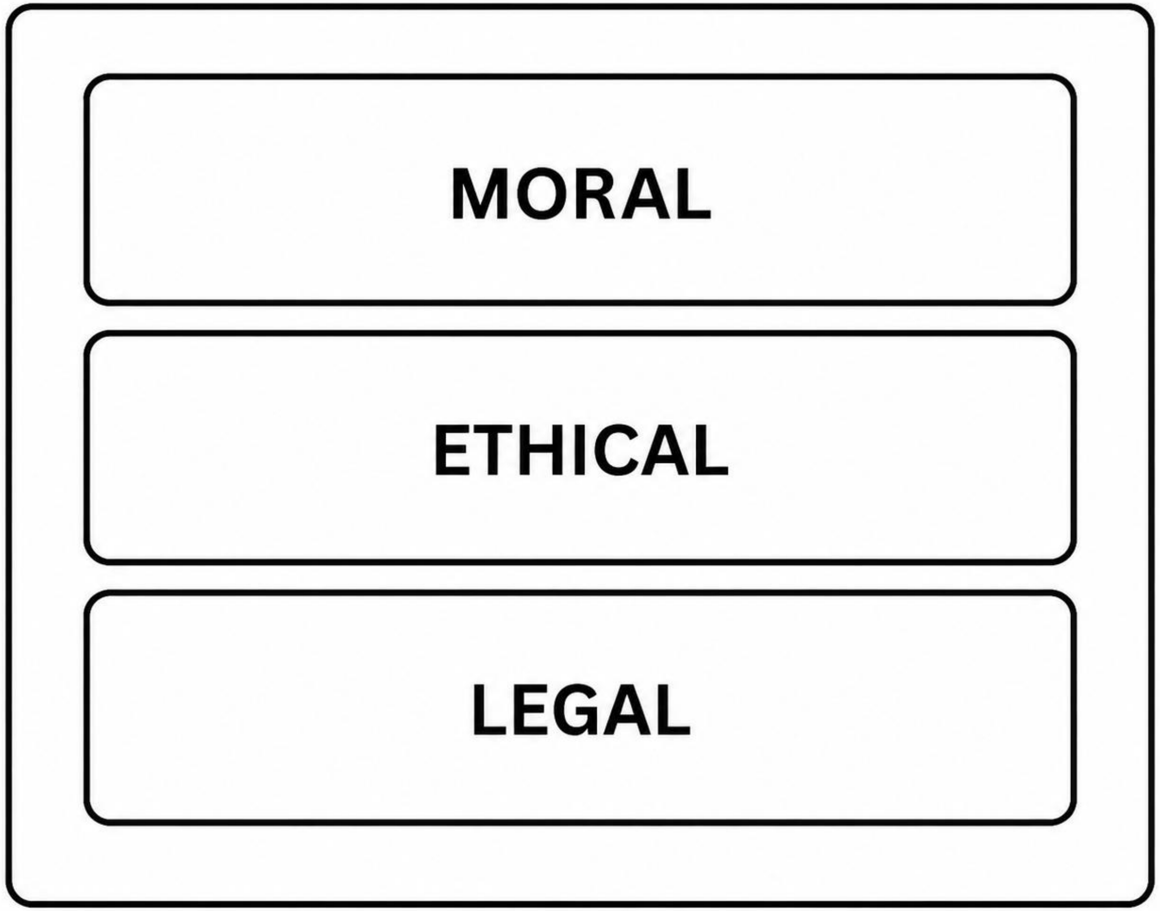
Outline

1. Fiduciary Framework
2. Legal
3. Ethical
4. Moral
5. Mister Fiduciary Code of Ethics
6. Case Studies
7. The Trust Equation
8. Action Steps
9. Resources

I am a good “sorter” like my mom. Divide and conquer.

She used Roman numerals in black ink on the clothing with laundry marking pen. Sometimes I changed the markings on my older brother’s clothing. Was I stealing?

Fiduciary Framework



Complex fiduciary debates become easier when we first identify whether we are discussing a legal requirement, a professional expectation, or a question of personal character.

Fiduciary Framework - Definiton of a Fiduciary Standard

Standard: noun:

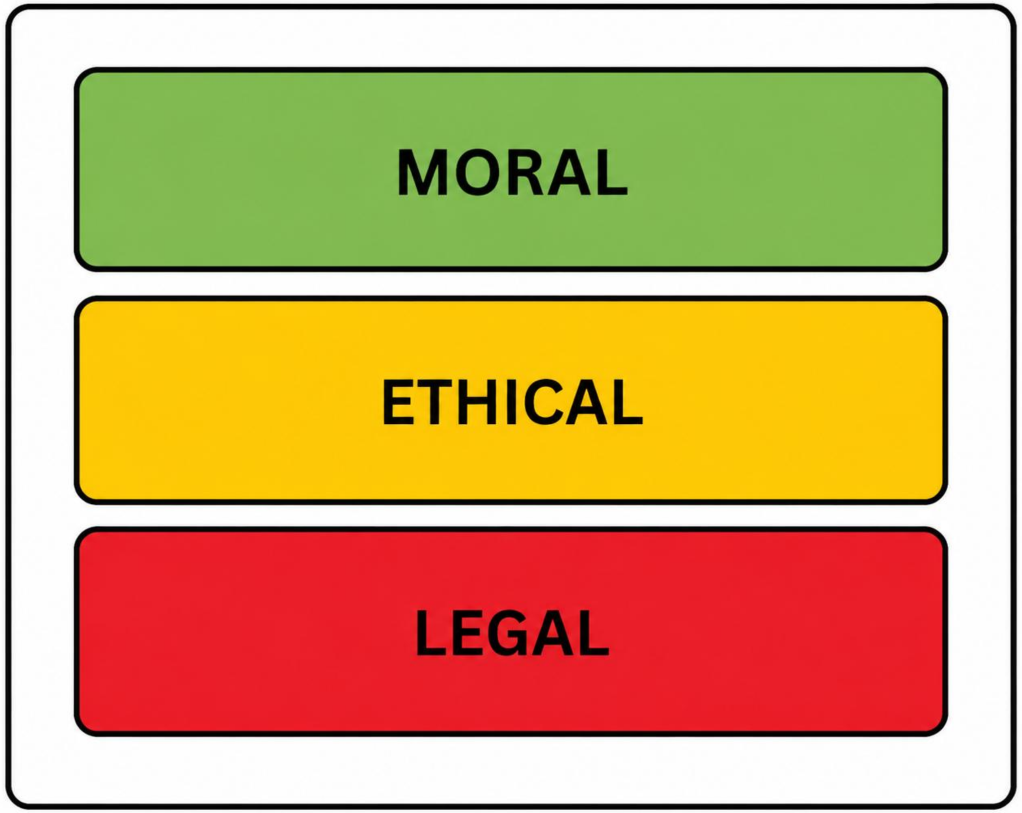
- a conspicuous object (such as a banner) formerly carried at the top of a pole and used to mark a rallying point especially in battle or to serve as an emblem
- something established by authority, custom, or general consent as a model or example
- a level of quality, achievement, performance, etc., that is considered acceptable or desirable
- something set up and established by authority as a rule for the measure of quantity, weight, extent, value, or quality

Standard: adjective:

- constituting or conforming to a standard especially as established by law or custom
- *standard* weight
- sound and usable but not of top quality
- regularly and widely used, available, or supplied
- well-established and very familiar
- having recognized and permanent value
- substantially uniform, well established by usage in the speech and writing, and widely taught and recognized as acceptable
- *standard* pronunciation is subject to regional variations

Source: Merriam-Webster

Fiduciary Framework

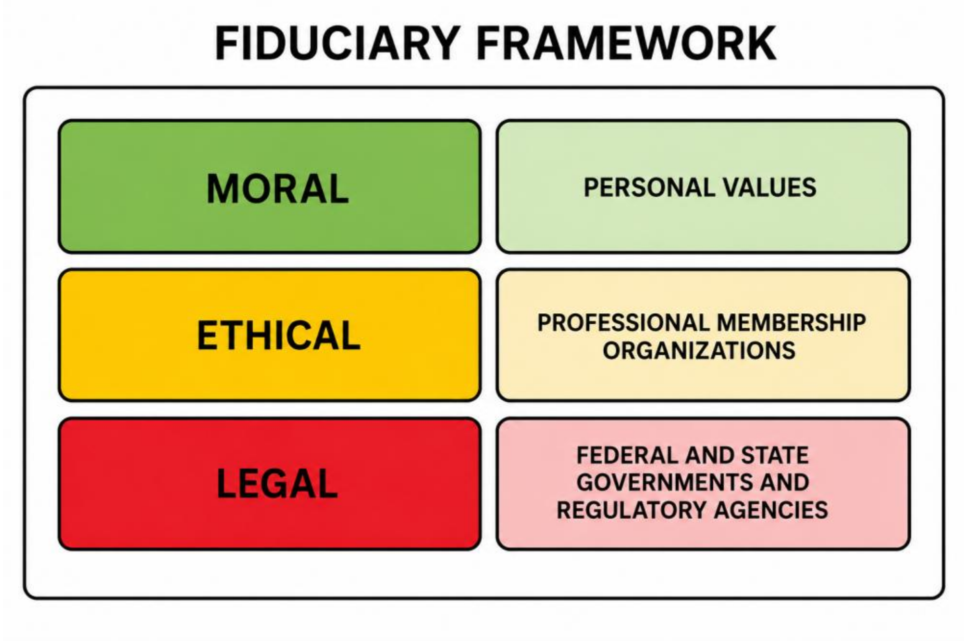


Three “buckets”

- Legal is required
- Ethical is better
- Moral is best

Legal compliance is the floor, not the ceiling.

Fiduciary Framework

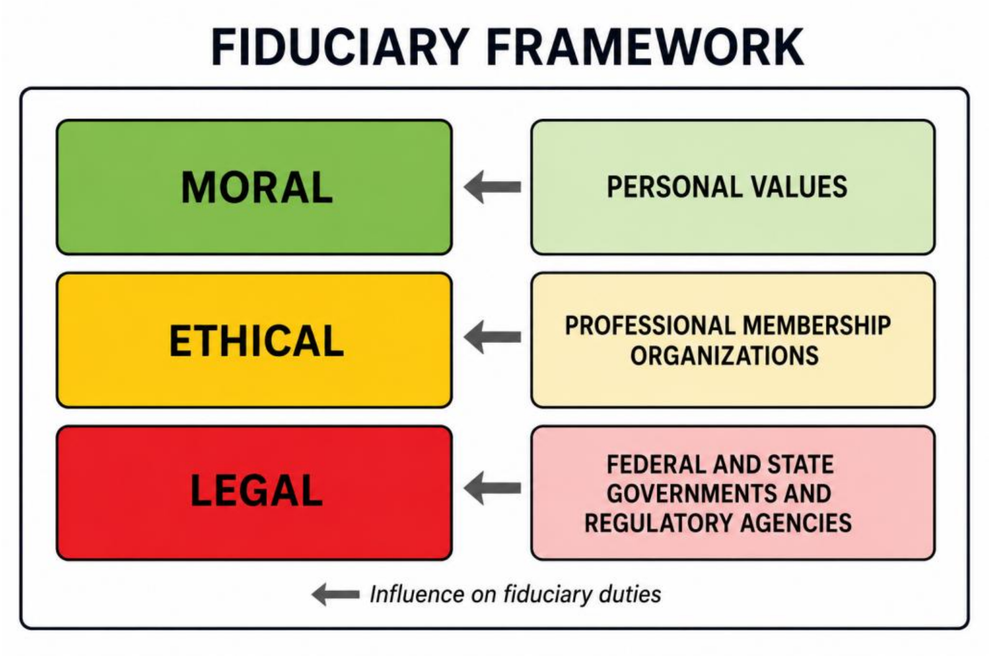


What bucket are we talking about?

Separate your discussions about fiduciary into appropriate categories.

Our “Fiduciary Framework.”

Fiduciary Framework



- Personal values influenced by your parents, relatives, teachers, etc.
- Professional ethics determined by your membership peer groups.
- Legal rules defined by governments.

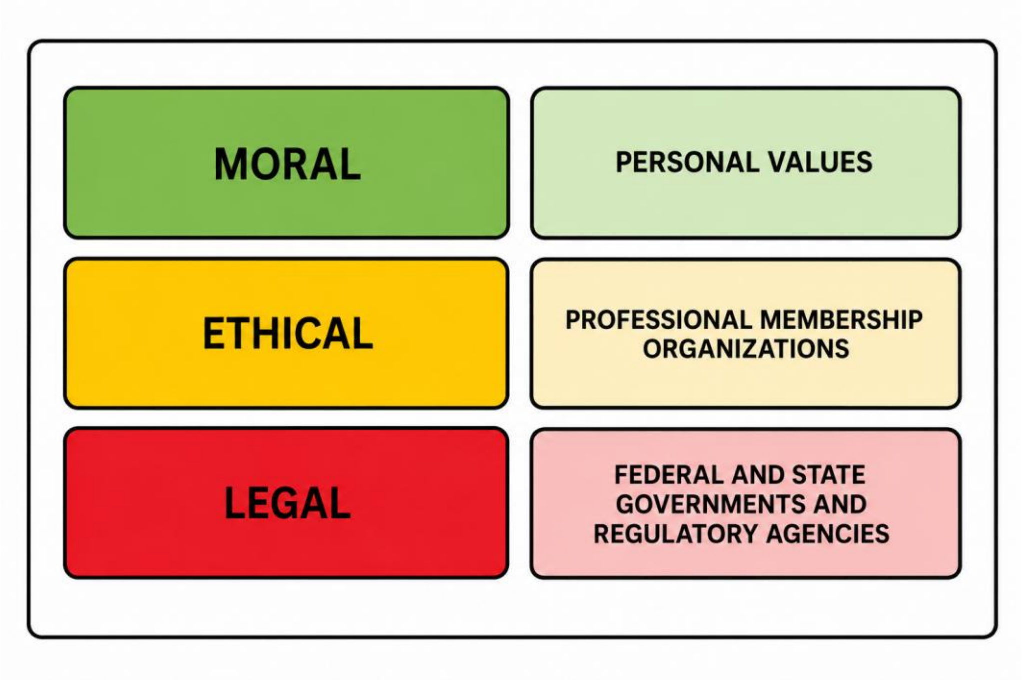
The Fiduciary Excellence *Decision* Framework

A repeatable process to apply to a specific issue, decision or case study:

1. **Legal:** What laws, regulations, agreements, and enforceable duties apply?
2. **Ethical:** What do my professional standards and peer expectations require?
3. **Moral:** What would a person of good character do, even when no rule requires it?
4. **Stakeholders:** Who could benefit or be harmed?
5. **Conflicts:** What personal interests could distort my judgment?
6. **Action:** Which decision best protects the client and strengthens trust?
7. **Documentation:** How will I explain and document the decision?

Legal

Legal



Obey the various fiduciary laws.

Legal

A **legal** fiduciary is any person or entity legally obligated to act in the best interest of another, placing the beneficiary's needs above their own. Four of the *most common* types of **legal** fiduciaries include:

1. Trustees:
2. Executors (Personal Representatives)
3. Agents under a Power of Attorney (POA)
4. Guardians or Conservators

Legal

Four different types of **financial advisor** fiduciaries:

1. RIAs that are SEC fiduciaries
2. DOL fiduciaries serving retirement investors
3. CFP fiduciaries providing financial planning
4. Voluntary fiduciaries who decide to step up to honor private/third-party fiduciary standards.

Michael Kitces, JANUARY 12, 2017

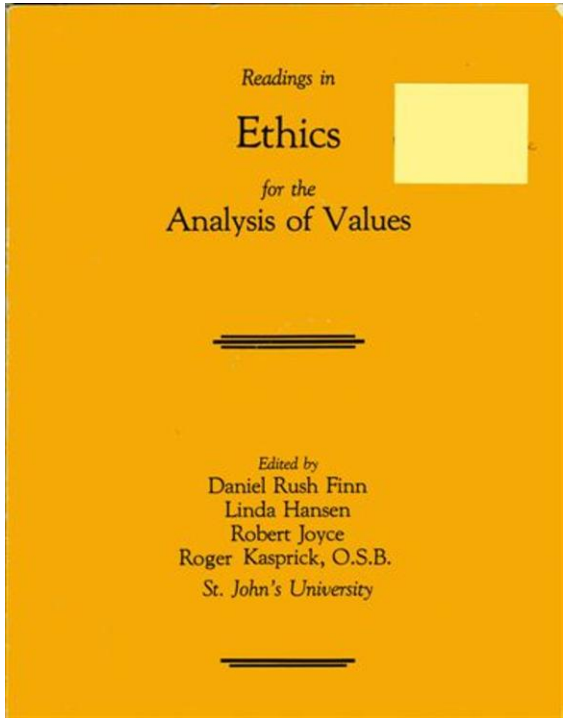
Ethical

Ethical

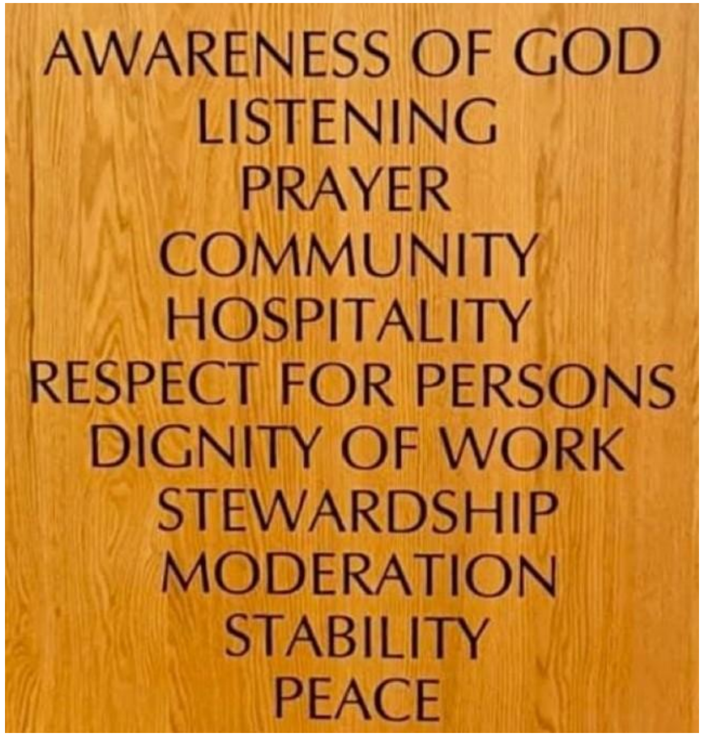
The best class I took in college: Values in Business and Economics.

Saint John's UNIVERSITY

College.



Readings in Ethics for the Analysis of Values.



Benedictine Values.

Ethical

Shared Values Support a Code of Ethics:

- CFP Board
- FPA
- NAPFA
- XYPN
- CFA Institute
- CIMA

Ethical

The Garrett Planning Network requires all its member advisors to strictly adhere to the CFP Board Code of Ethics and Standards of Conduct and the NAPFA Fiduciary Oath. This ensures that all financial planning and advice is rendered under a strict fiduciary standard, prioritizing the client’s best interests above all else.

The core tenets of their ethical and professional standards include:

- **Fiduciary Duty:** Advisors must always put their clients' interests first, ensuring complete loyalty and avoiding or disclosing any conflicts of interest.
- **Fee-Only Structure:** Advisors are strictly "Fee-Only," meaning they do not sell financial products for a commission, eliminating conflicts related to product sales.
- **Hourly and As-Needed Service:** Members provide advice without asset, income, or net-worth minimums, operating on a strictly hourly or fixed-project fee basis.
- **Advanced Credentials:** Advisors must be CERTIFIED FINANCIAL PLANNER (CFP) professionals or actively working toward the designation (or a CPA/PFS equivalent) within five years of joining.
- **Core Ethical Principles:** The code mandates strict adherence to **Objectivity**, **Competence**, **Fairness**, **Confidentiality**, **Professionalism**, and **Diligence** in all client dealings.

Ethical

Garrett advisors are uniquely positioned to lead the profession:

1. Garrett advisors have already rejected product sales compensation.
2. They serve clients without asset or net-worth minimums.
3. They make professional advice available on an hourly or project basis.
4. Their model reduces pressure to gather assets or manufacture ongoing services.
5. Their business structure gives them greater freedom to demonstrate fiduciary excellence beyond minimum legal requirements.
6. They can help distinguish financial planning as a profession from financial product sales as an industry.

Moral

Moral

“Moral responsibility is not about imposing one religious tradition. It is about examining the character traits that help professionals exercise trustworthy judgment when laws and codes do not supply a complete answer.”

Moral

#4 Greed is hoarding wealth. Compensation methods in the INDUSTRY of financial advice.

Amoral vs. Immoral

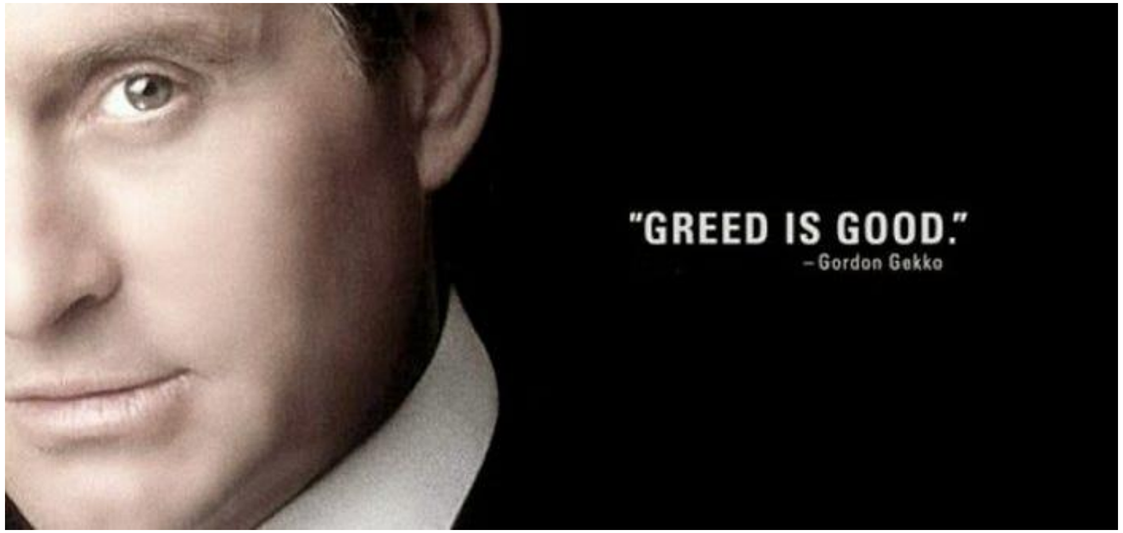
People often confuse "amoral" with "immoral," but there is a clear distinction between the two:

Amoral means having no morals at all. For example, natural events (like a lightning strike causing a fire) or entities lacking a conscience (like animals or computer algorithms) are amoral because they cannot comprehend ethical frameworks.

Immoral means actively violating known moral rules or doing something deliberately wrong. An immoral act requires an understanding of right and wrong, accompanied by a choice to do the wrong thing.

Moral

Greed: Excessive desire for wealth, possessions or power. Greed is hoarding wealth. Think: Compensation methods in the financial services INDUSTRY.



Moral

Presents some trust-building character traits:

- Humility
- Courage
- Honesty
- Empathy
- Prudence
- Justice
- Stewardship
- Self-restraint

What is the character necessary to be worthy of another person's trust?

LEAD WITH CHARACTER

YOUTH FRONTIERS TRAINING - GEOMETRY OF A LEADER: ***Training*** for business, nonprofit, education and faith leaders

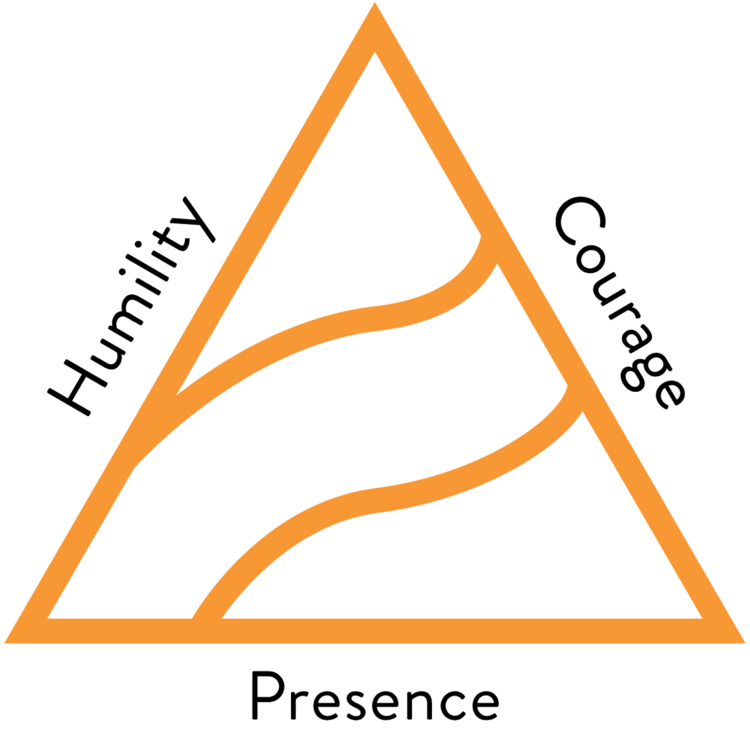
It's a difficult time to be a leader. Really difficult. Yet, the need for **character-driven** leaders is greater than ever. The Geometry of a Leader (GOAL) offers a much-needed retreat for leaders to step back, connect and reflect on how to lead with character, especially when it's hard.

In this experience, GOAL participants will learn practical ways to be:

- **present** to the people they serve,
- **humble** enough to solicit the wisdom of others and
- **courageous** enough to follow their vision despite the cost.

They will leave the retreat feeling inspired and empowered to confidently pursue their call to lead — and to make our community better for all.

Moral



JOE CAVANAUGH
Founder and CEO, Youth Frontiers

Moral

We all have an opportunity to be leaders and influence the code of ethics for the groups we belong to.

Moral

ALLODIUM
INVESTMENT CONSULTANTS

VISION. To be the best investment management consulting firm in the eyes of our key stakeholders.

MISSION. We use our talents to simplify and improve the financial lives of our clients with objective, fee-only financial advice and a fiduciary standard of care.

CORE VALUES

Integrity. We recognize that a reputation takes a lifetime to build and a moment to lose.

Service. We leave people better off for having come into contact with us.

Relationships. We strive to build quality relationships.

Professionalism. We act in accordance with the highest levels of professional standards.

Personal Responsibility. We are all accountable for our behavior.

Attention to Detail. We strive to be thorough and accurate.

Organization and Order. We organize to maximize efficiency for our clients and ourselves.

Allodium Investment Consultants: Mission, Vision and values
Securities and Exchange Commission Requires a "Code of Ethics"

Who, what, when, where, how and why?

How does an RIA firm create a ***code of ethics*** to comply with regulations?

Example:

1. Call a legal compliance firm?
2. Corporate culture of your firm?
3. Look to firm's existing mission, vision and values?
4. How do your shared values show up in your code of ethics?

Mister Fiduciary Code of Ethics

Mister Fiduciary Code of Ethics

MISTER FIDUCIARY

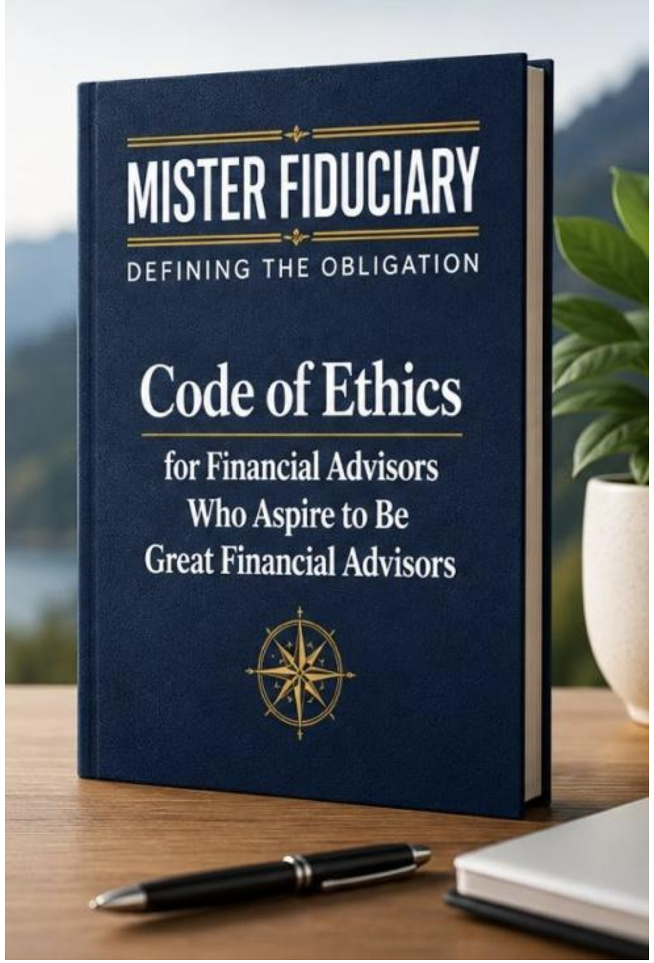
DEFINING THE OBLIGATION

Defining the fiduciary obligation.

We are researching the fiduciary standard for financial advisors.

We are working on research to educate more people about the fiduciary standard of various types of fiduciaries. As a dedicated research project of AdvisorSmart®, we are collaborating with fiduciary experts to refine the discussion about fiduciary best practices for the financial fiduciary, the investment advisor fiduciary and the financial planner fiduciary.

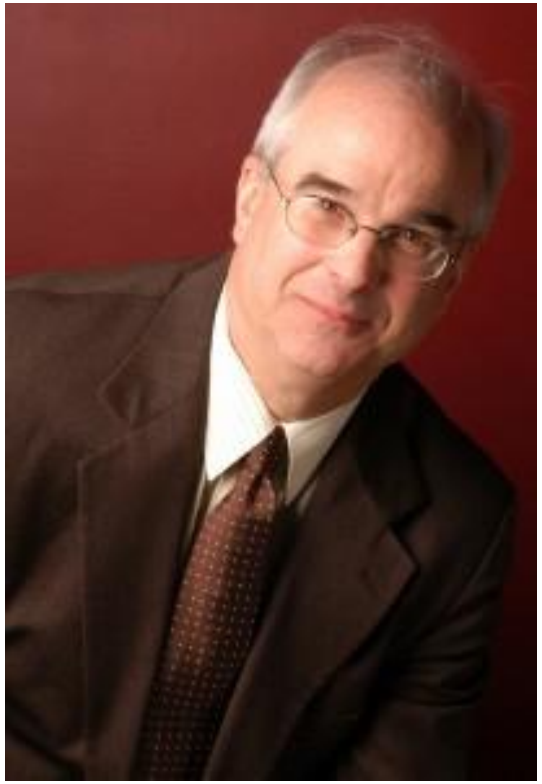
Mister Fiduciary Code of Ethics



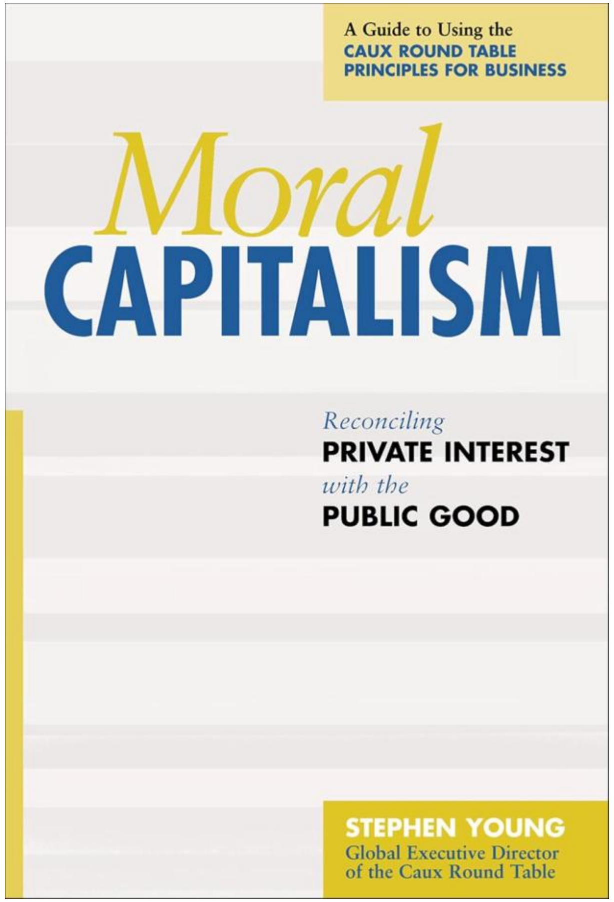
Mister Fiduciary explores what it means to deliver *great financial advice* by upholding the *highest fiduciary standards*—legal, ethical, and moral. Our blog features thought-provoking interviews and expert commentary that help financial advisors, investors, and policymakers understand the difference between giving advice and *acting as a fiduciary*. We define key fiduciary terms, explain the laws that govern advisor conduct, and examine real-world examples of conflicts of interest, fiduciary breaches, and best practices in developing fiduciary relationships. Each article connects modern financial advisory practice to the deeper history and principles of fiduciary duty—showing how trust, transparency, and integrity form the foundation of exceptional financial advice. Whether you're an advisor striving to elevate your fiduciary standard or an investor seeking to understand what true fiduciary advice looks like, **Mister Fiduciary** provides the insight and inspiration to help you get there.

Mister Fiduciary Code of Ethics

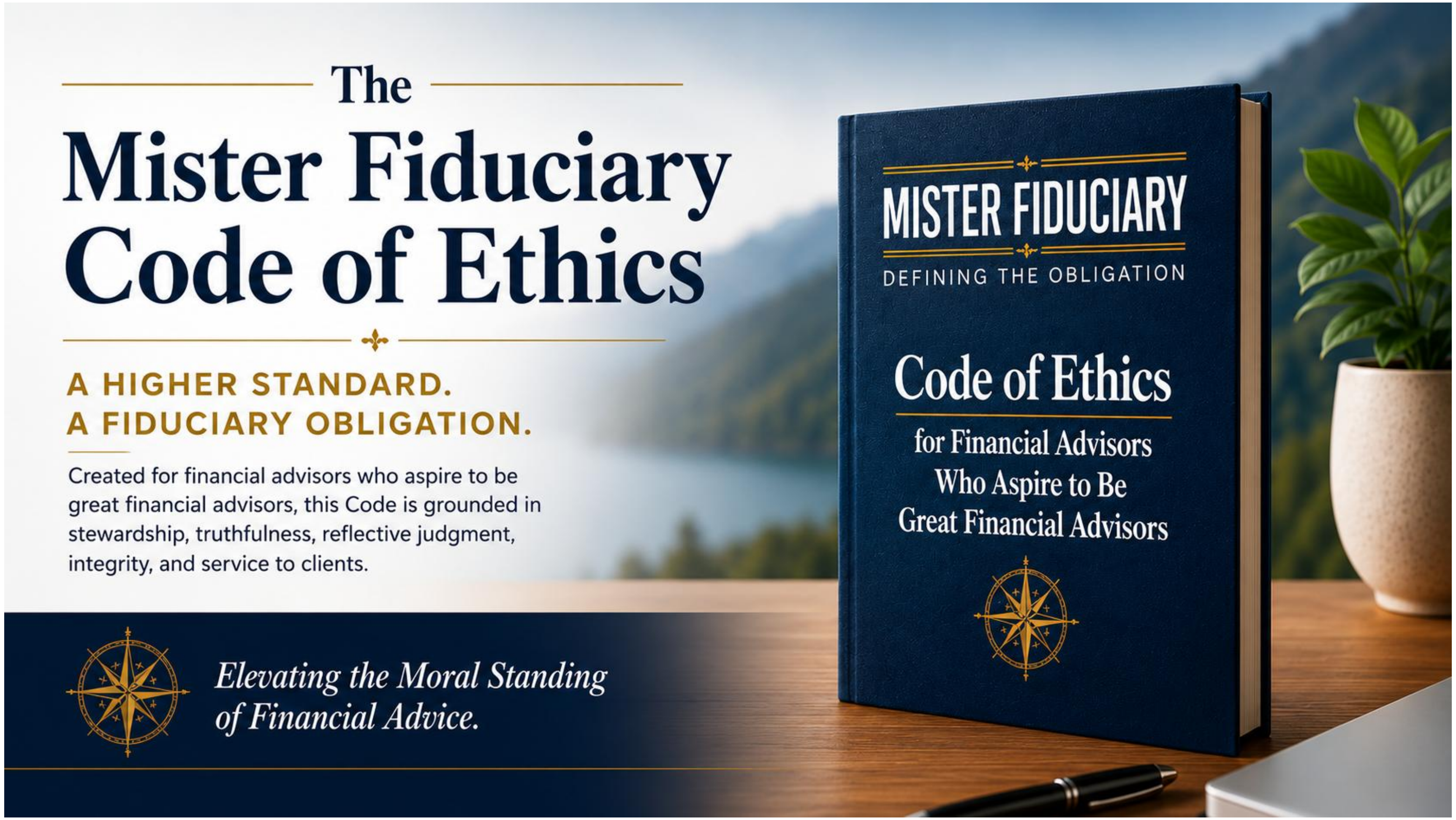
CAUX ROUND TABLE
FOR MORAL CAPITALISM



Stephen B. Young



Mister Fiduciary Code of Ethics

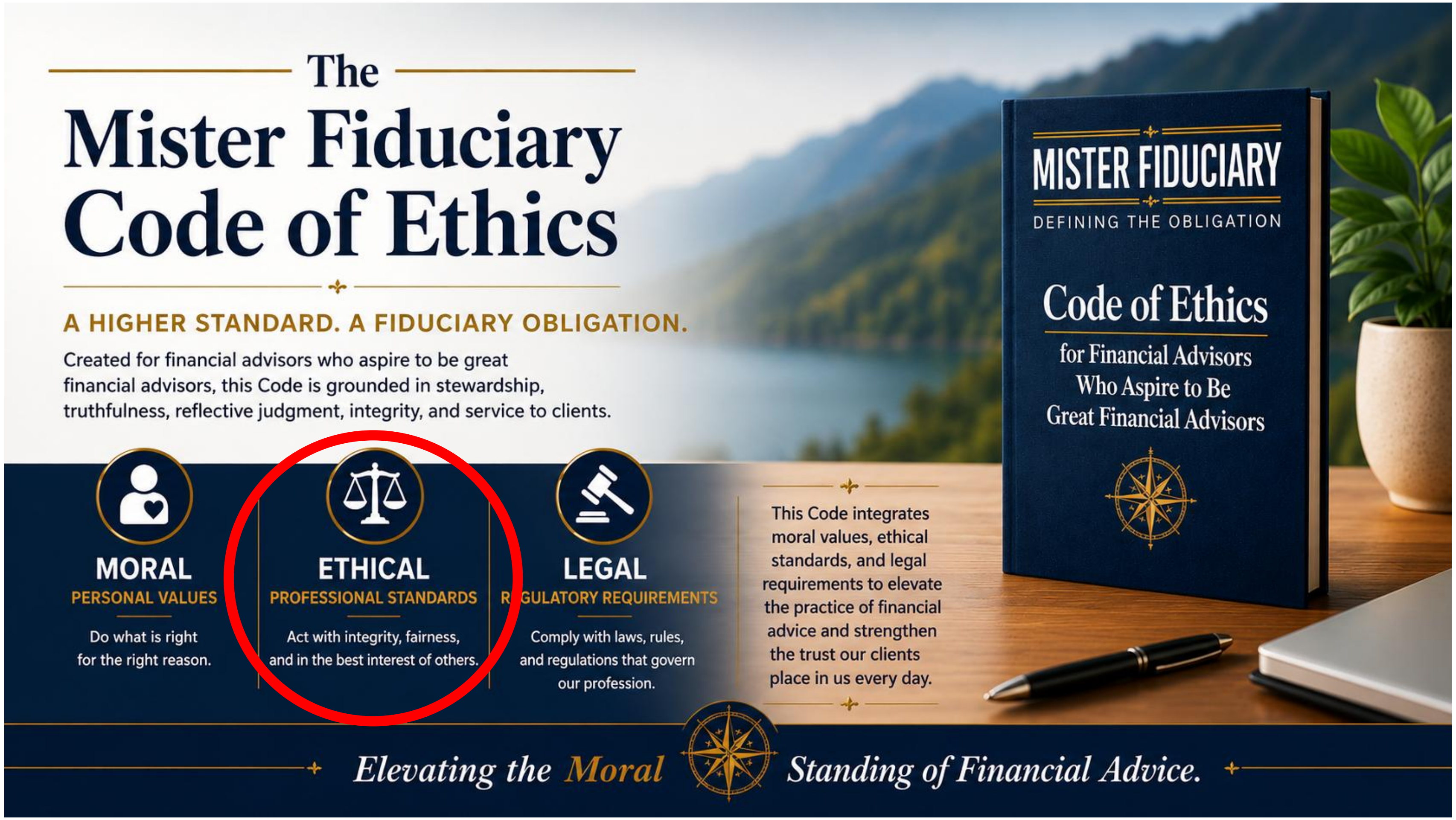


Published
May 2026

Moral
<u>Ethical</u>
Legal

https://misterfiduciary.com/code-of-ethics

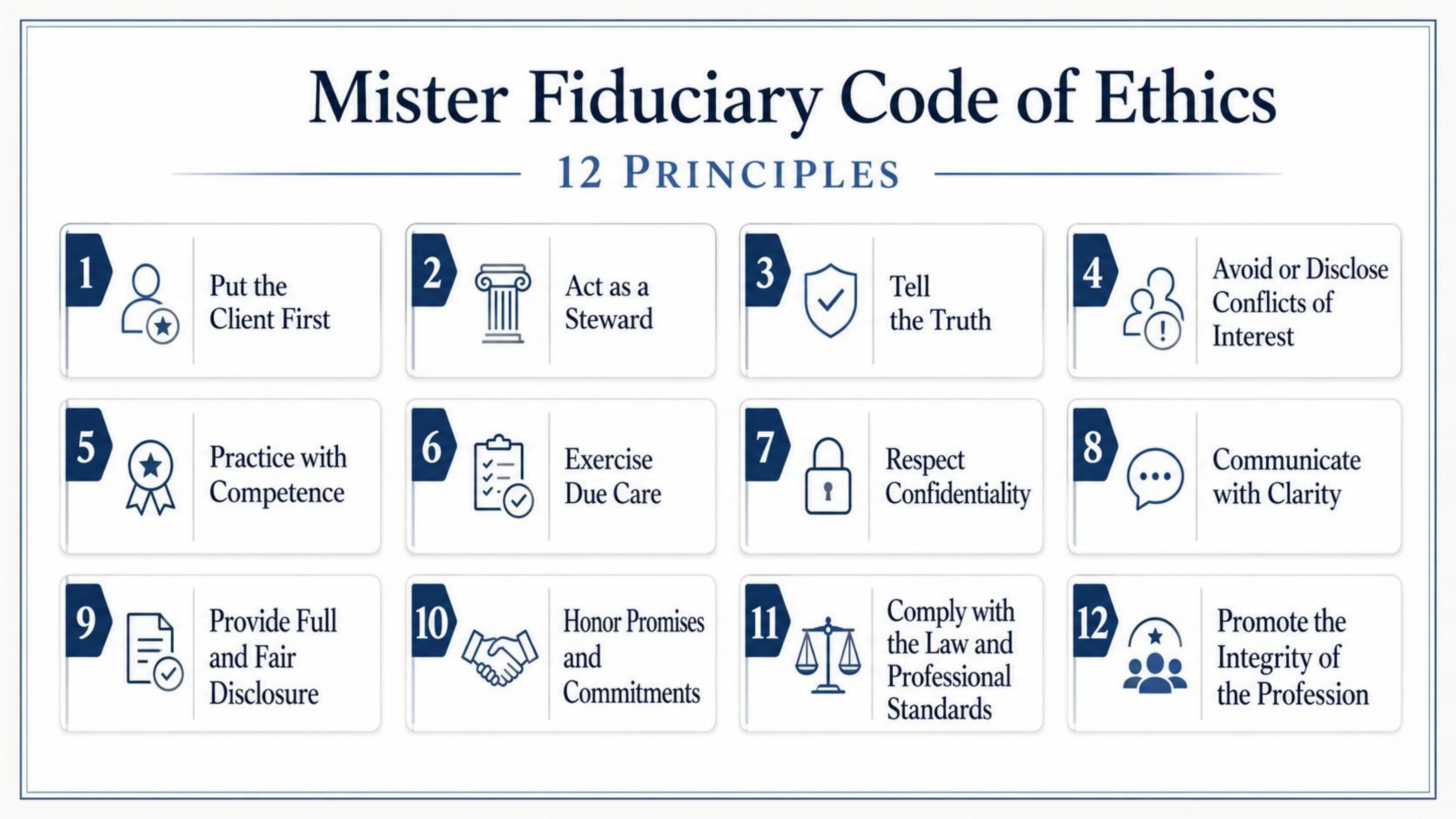
Mister Fiduciary Code of Ethics



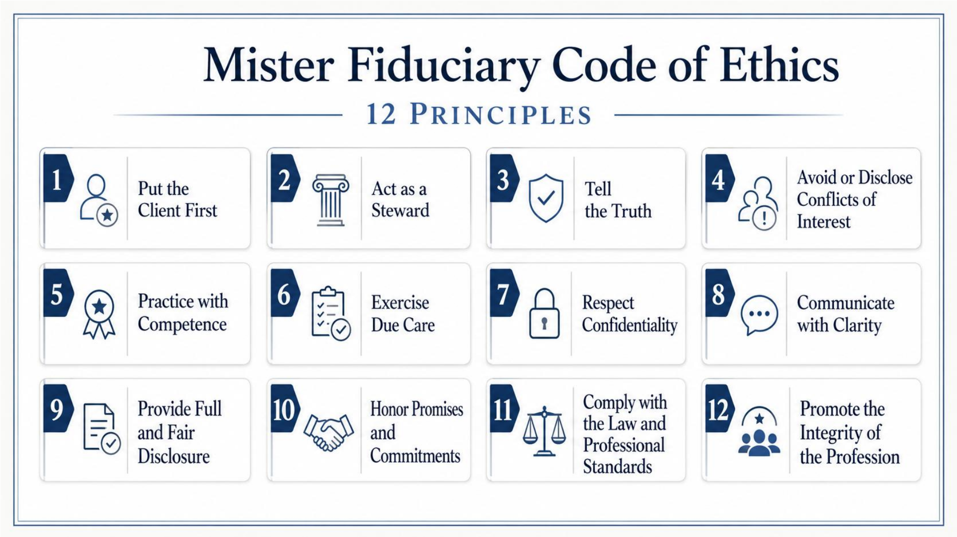
Ethical: Professional Standards

Twelve Principles

Mister Fiduciary Code of Ethics



Mister Fiduciary Code of Ethics



Serve the client

- Put the Client First
- Act as a Steward
- Tell the Truth
- Avoid Conflicts

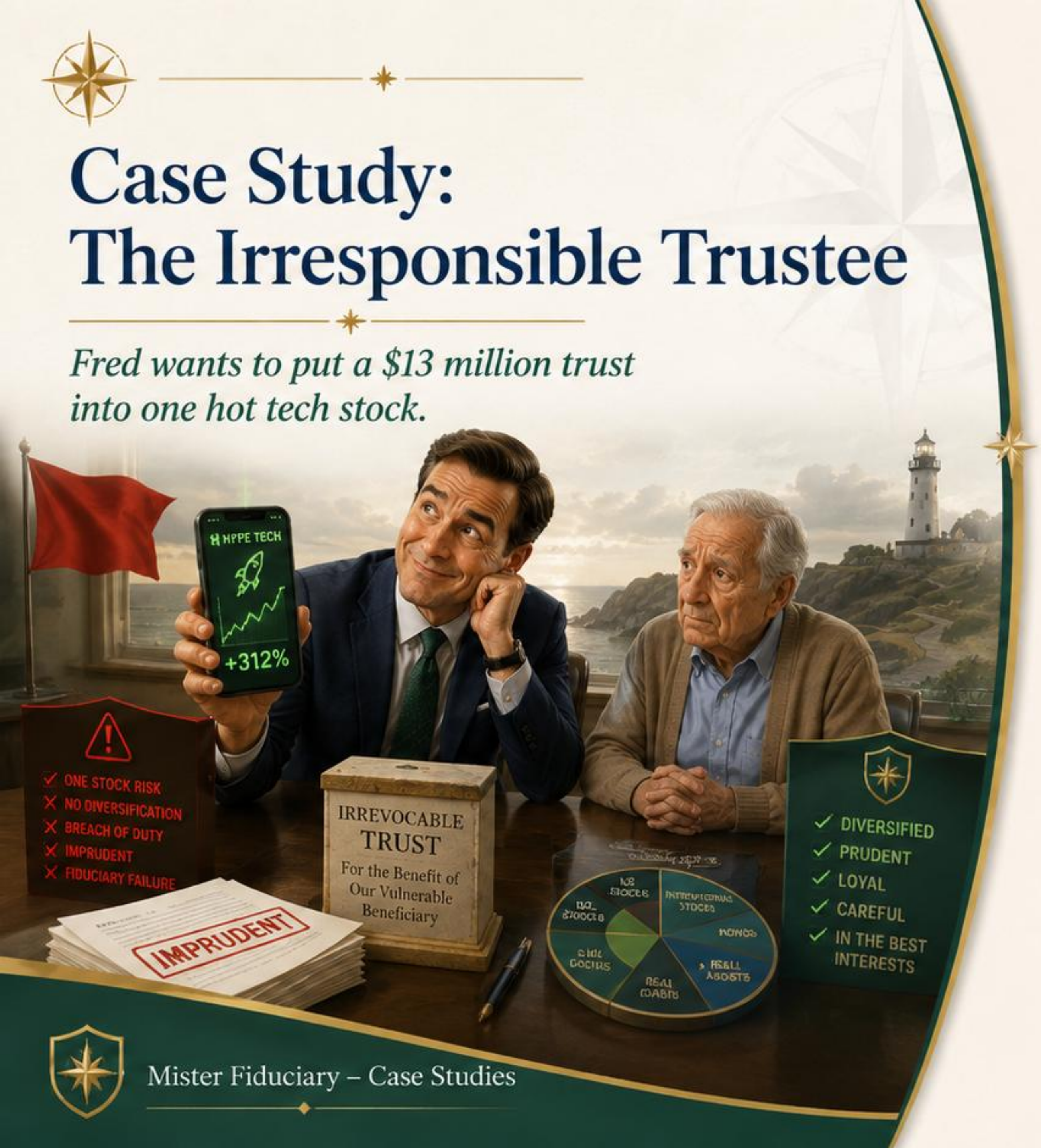
Exercise sound judgment

- Respect Human Dignity
- Practice Reflective Judgment
- Promote Wisdom, Not Sales
- Build Trust Through Character

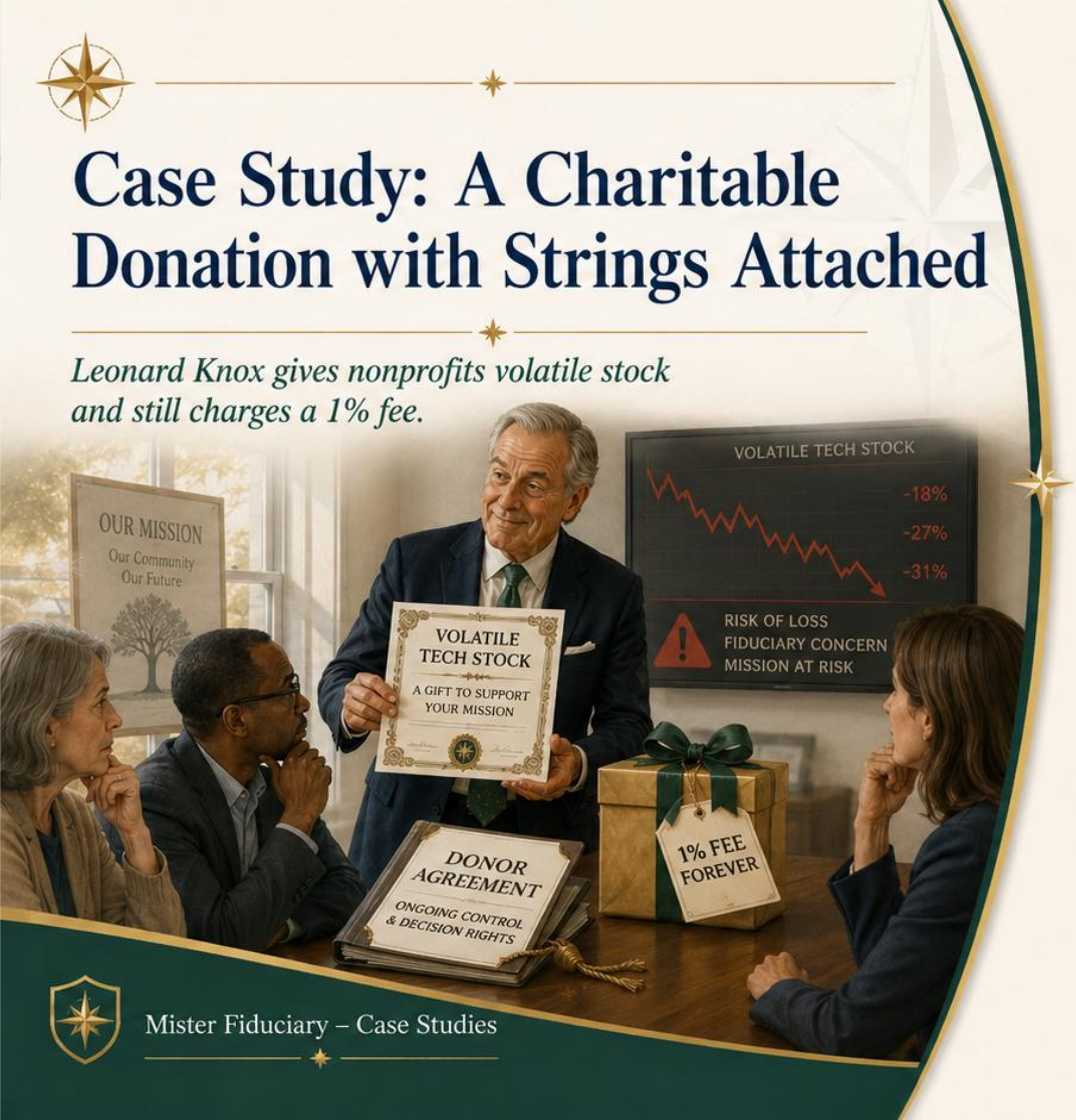
Strengthen the profession

- Strengthen the Profession
- Protect the Common Good
- Pursue Lifelong Learning
- Leave Clients Better Off

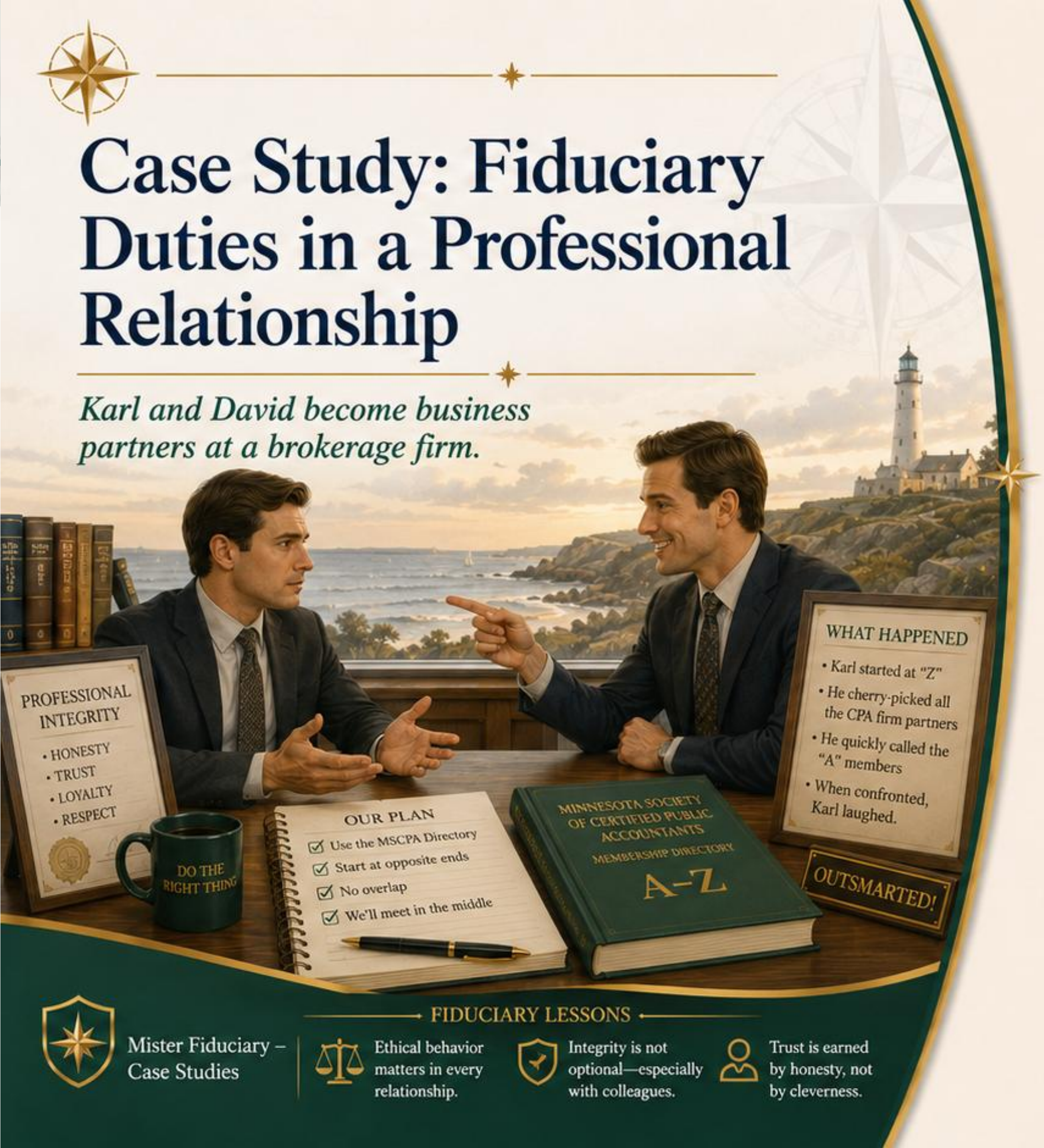
Case Studies



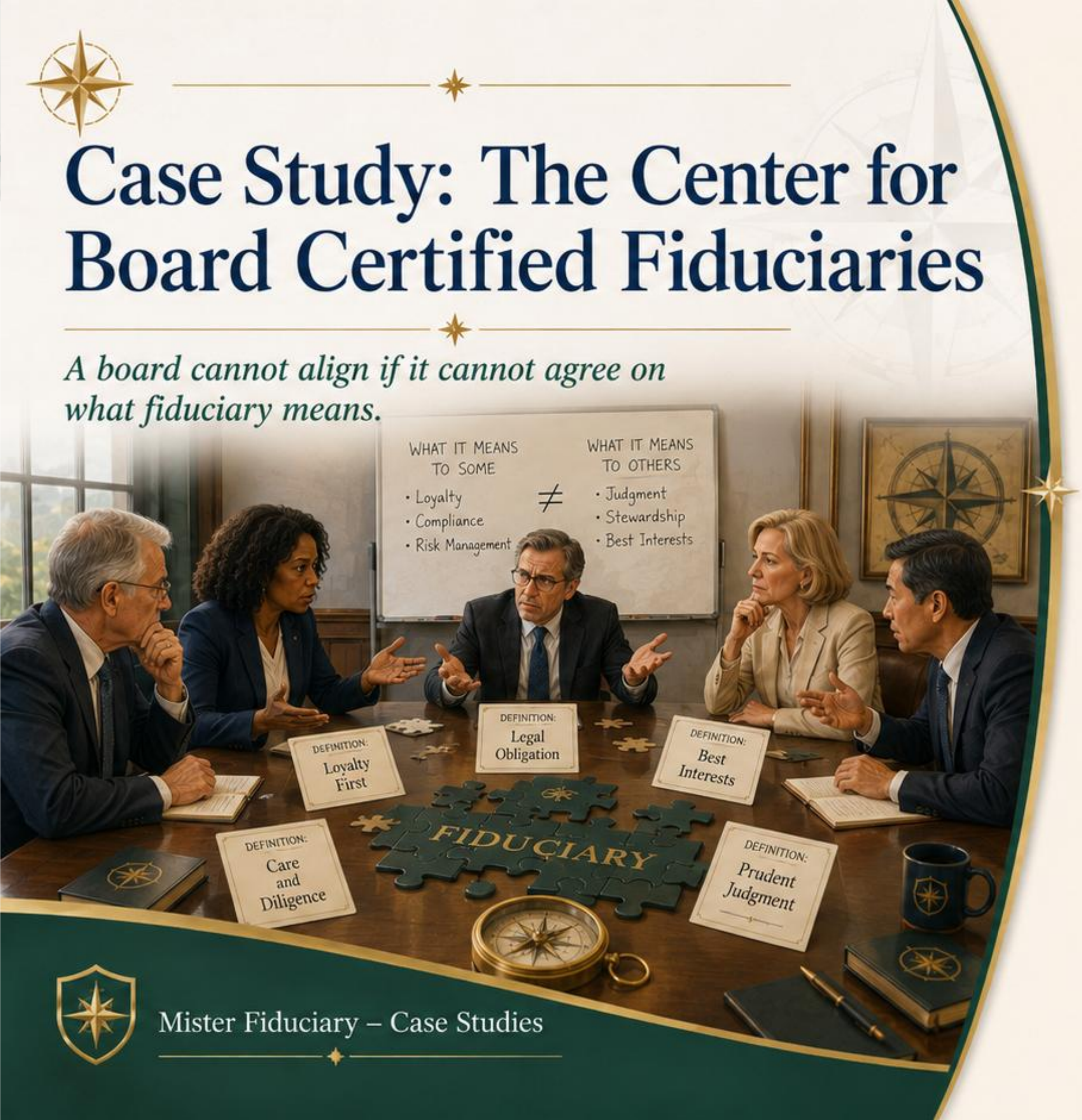
- Fred the Trustee
- 75-year-old attorney
- $13 M personal trust
- AUM trustee fee
- 65-year-old beneficiary
- 1999 tech bubble
- Tech fund up 102%
- March 2000
- Request to go all tech
- Diversification required
- Advice: stay diversified
- Trustee terminates me
- NASDAQ declines 80%
- Trust assets decline 80%



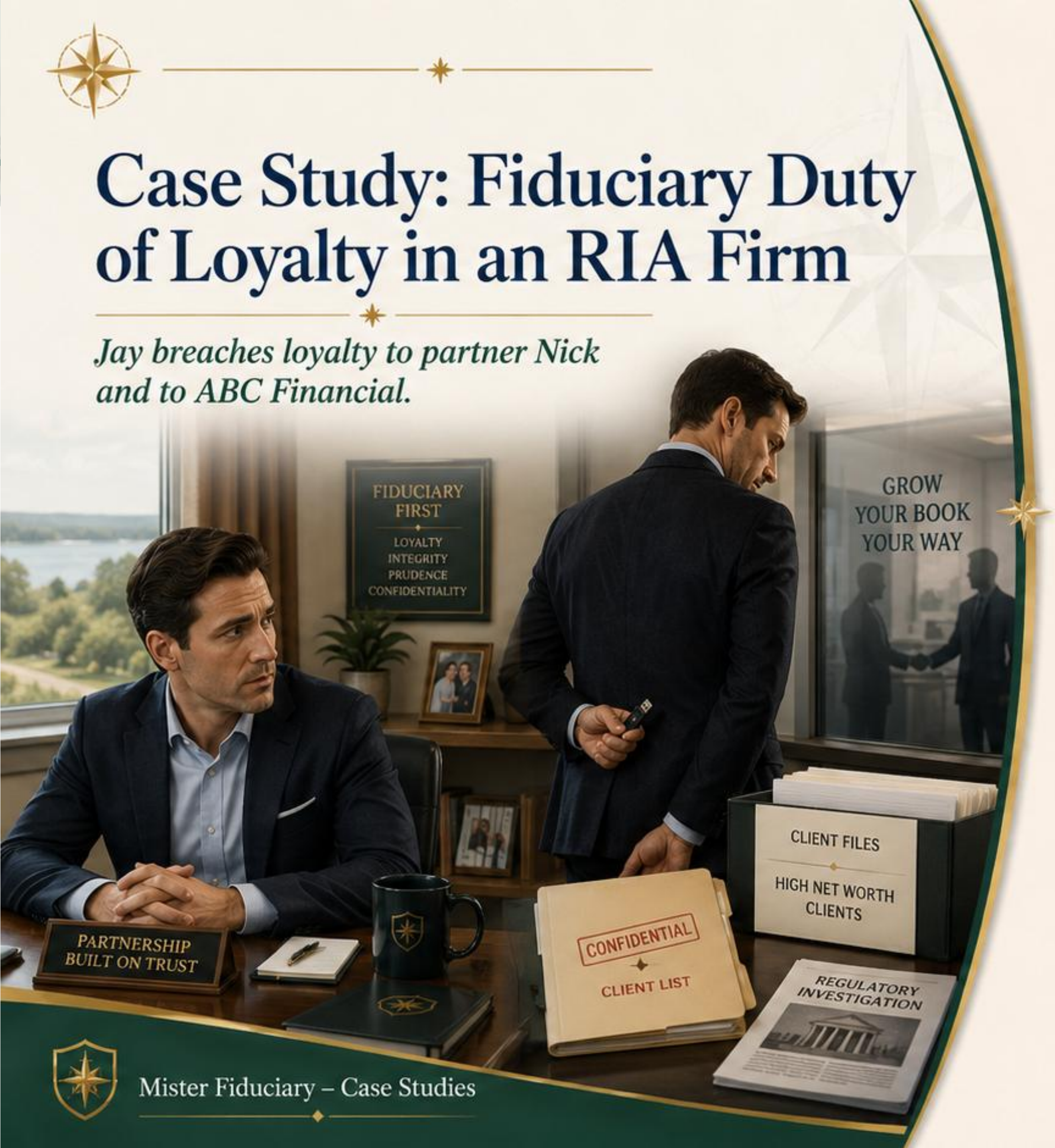
- Internet bubble (March 2000)
- Leonard gives $5M to 10 charities
- Ten nonprofits get $500,000 each
- Guaranteed 10% annualized return
- Condition 1: hold for ten years
- Condition 2: let Leonard manage
- Donor Strings (IRS does not allow)
- Verbal agreement (nothing written)
- NASDAQ declines 80%
- Leonard fund declines 80%
- $500,000 is now worth $100,000
- Staff afraid to confront Leonard
- Fiduciary breach by nonprofit



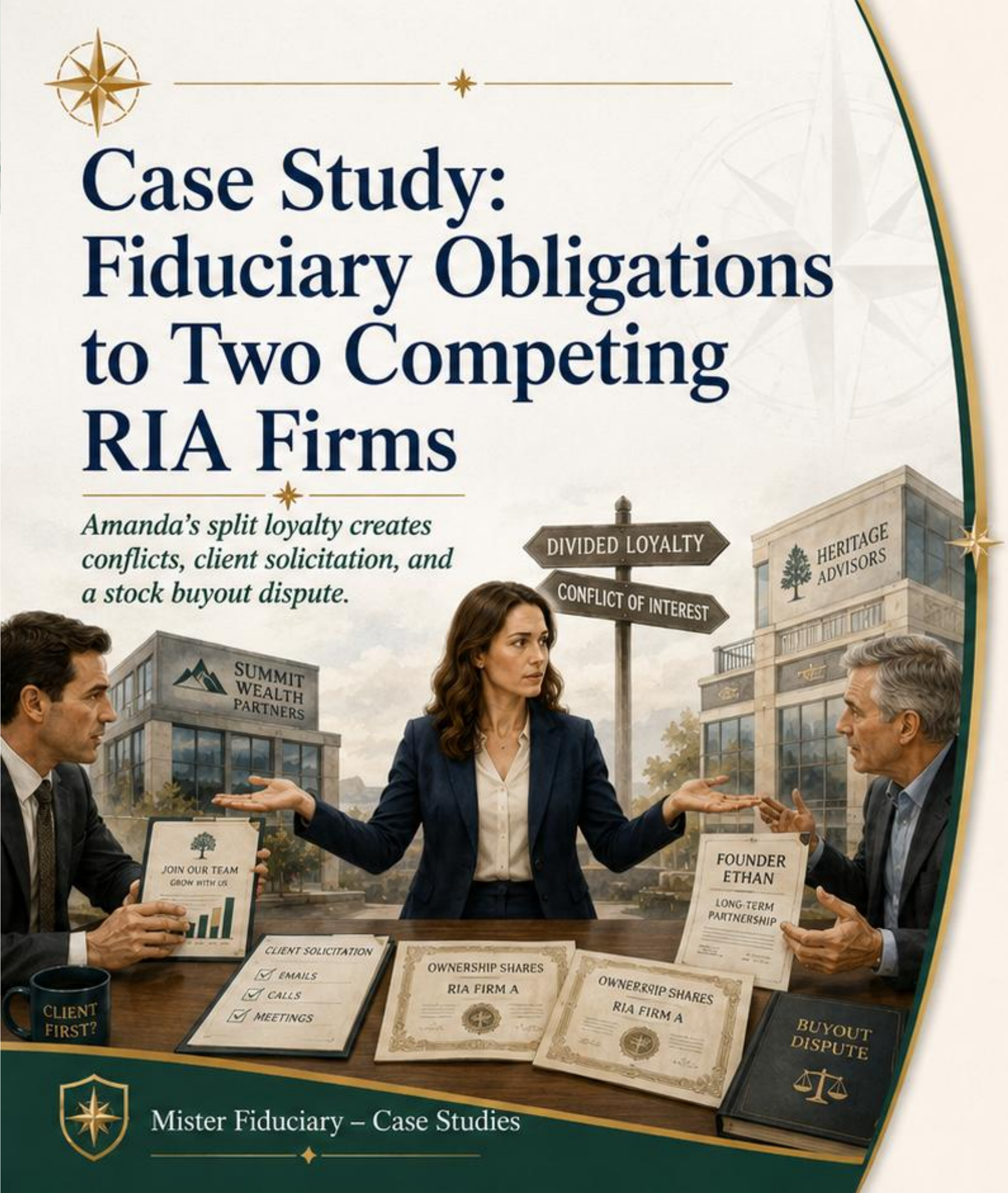
- 1988 stockbroker training class
- Sales prospecting strategies
- Classmates use CPA prospect list
- Karl suggests splitting the list
- Dave starts at A and works forward
- Karl starts at Z and works backwards
- Meet in the middle?
- After two weeks, Karl is at A
- Called high potential CPA partners
- Dave asks why? Karl laughs
- Karl is both a CPA and an attorney
- Code of ethics at the MNSBA, ABA or MNCPA?



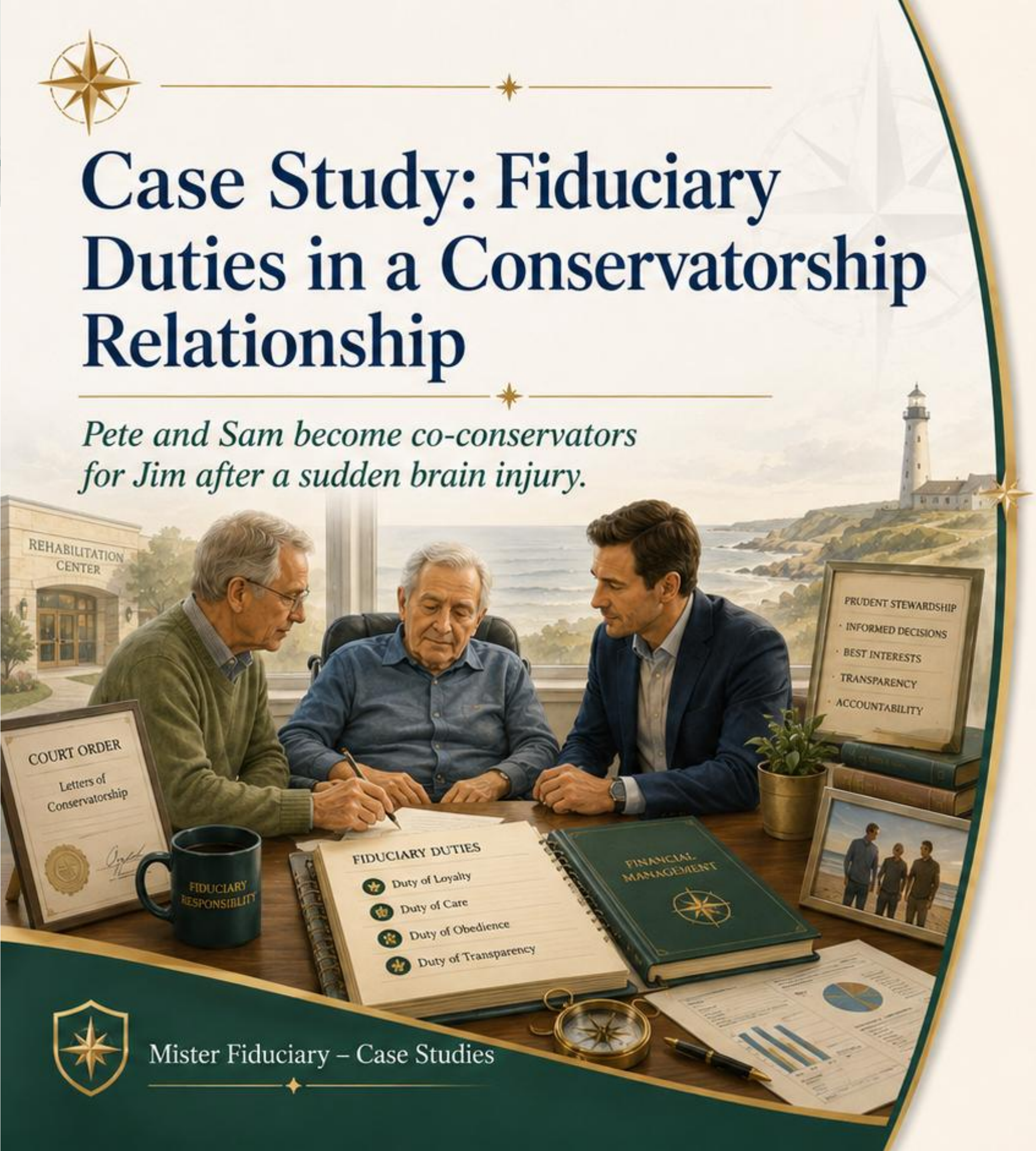
- CBCF established 11/12/20
- PBC with 25 fiduciary experts
- Mostly ERISA experts
- Fund raising
- First MBA in fiduciary studies
- Board selects CEO and Treasurer
- IRS requires expense documentation
- Treasurer requests receipts from CEO
- CEO declines to cooperate
- Treasurer appeals to board
- Board has a fiduciary duty of care
- Board sides with CEO
- CBCF runs out of money
- Corporation is terminated 12/31/24
- “Gross Receipts”



- Two partners in RIA firm
- LLC agreement
- Members of the LLC
- LLC fiduciary duty of loyalty
- Decision to start own firm
- Left in the dead of night
- Competing with first firm
- Breach fiduciary duty of loyalty
- Employment agreement violations
- Flash drive
- Court finds evidence of illegality
- Settlement
- CFP Board informed
- No enforcement

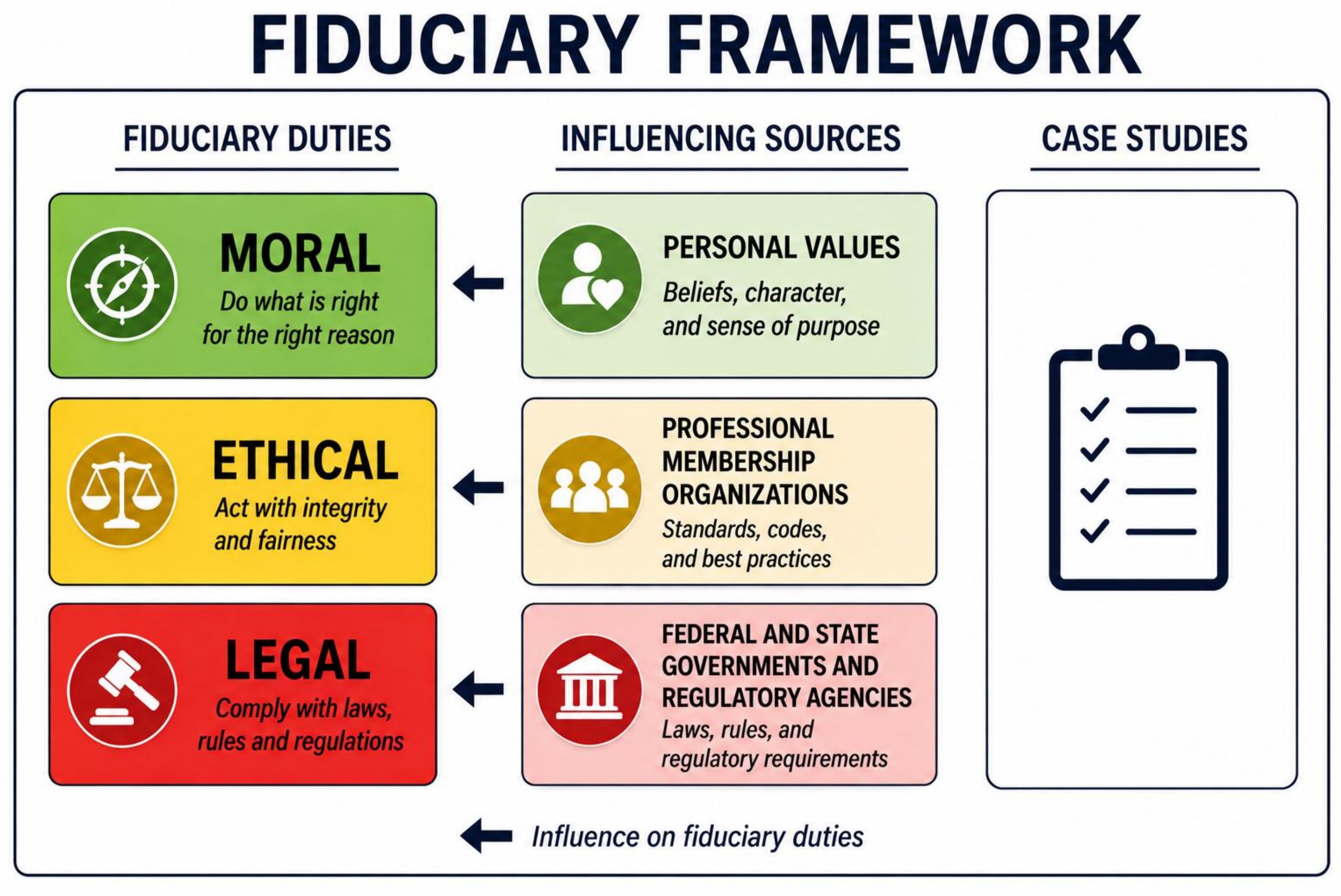


- Shareholders in RIA firm
- Member buys more shares
- Resigns as an employee months later
- Plans to compete
- Employed by competitor
- Buys stock in new firm
- Owner in two firms at same time
- Duty of loyalty to both firms
- You can't serve two masters
- Ask first firm to buy shares
- Negative impact on value of first firm



- Scooter accident 3/10/19
- Jim gets a head injury (coma)
- No power of attorney on file
- Business can’t make payroll
- Peter and Sam appeal to the court
- Emergency conservatorship
- Pete & Sam co-conservators
- Jim appeals to end conservatorship
- Fiduciary duties of conservators, attorneys, protector & court
- Court appointee protector who does not monitor ward
- Ward spends money on legal fees

Fiduciary Framework



The Fiduciary Excellence Decision Framework

A repeatable process to apply to a case study:

1. **Legal:** What laws, regulations, agreements, and enforceable duties apply?
2. **Ethical:** What do my professional standards and peer expectations require?
3. **Moral:** What would a person of good character do, even when no rule requires it?
4. **Stakeholders:** Who could benefit or be harmed?
5. **Conflicts:** What personal interests could distort my judgment?
6. **Action:** Which decision best protects the client and strengthens trust?
7. **Documentation:** How will I explain and document the decision?

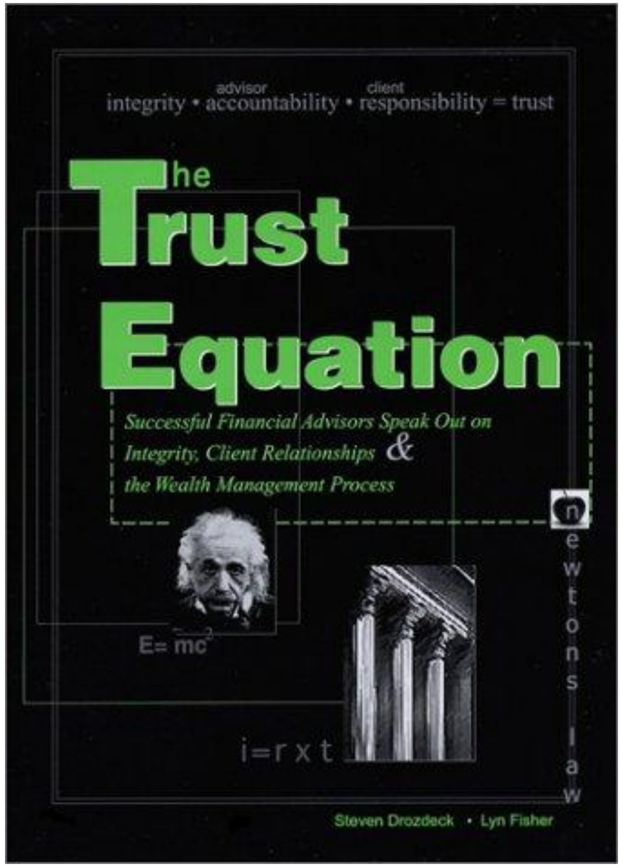
The problem is a Lack of Trust

The Problem is a Lack of Trust

The 25th anniversary Edelman Trust Barometer shows that the multi-decade erosion of trust in institutions has turned into an avalanche.

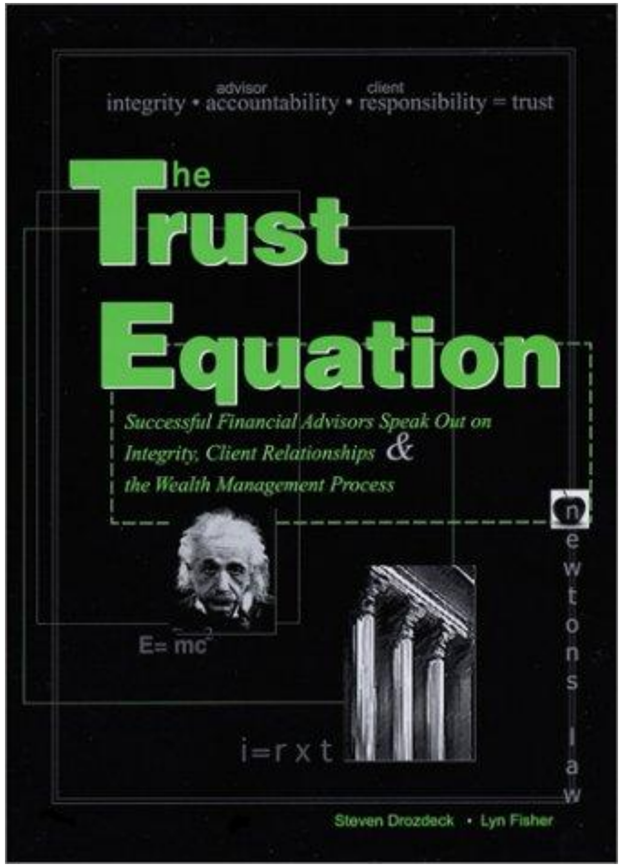
- Why has trust in institutions been eroding over the past few decades?
- Do we want to build relationships built on trust?
- We can build trust through building character.

The Problem is a Lack of Trust



Chapter 13: Fiduciary Responsibility: "The definitions of fiduciary and the laws of fiduciary responsibility vary from state to state, but the consensus of the advisors in this book is that, regardless of the legal definition, if a person or institution relies upon you for advice, then you are a fiduciary." 2003

The Problem is a Lack of Trust



Trust = Character + Competence + Transparency + Consistency
Fiduciary Trust = Good Character × Sound Judgment × Reliable Conduct
The multiplication sign communicates that a severe failure in any one area can destroy trust.

Character: Are your motives worthy of trust?
Judgment: Can you recognize conflicts and competing duties?
Conduct: Do your repeated actions support your stated values?
Transparency: Can clients understand how you are paid, what conflicts exist, and why you made the recommendation?

Fiduciary is “nuanced”.
Fiduciary is a relationship.

Let's learn how to build more trusted fiduciary relationships.

Action Steps

Action Steps

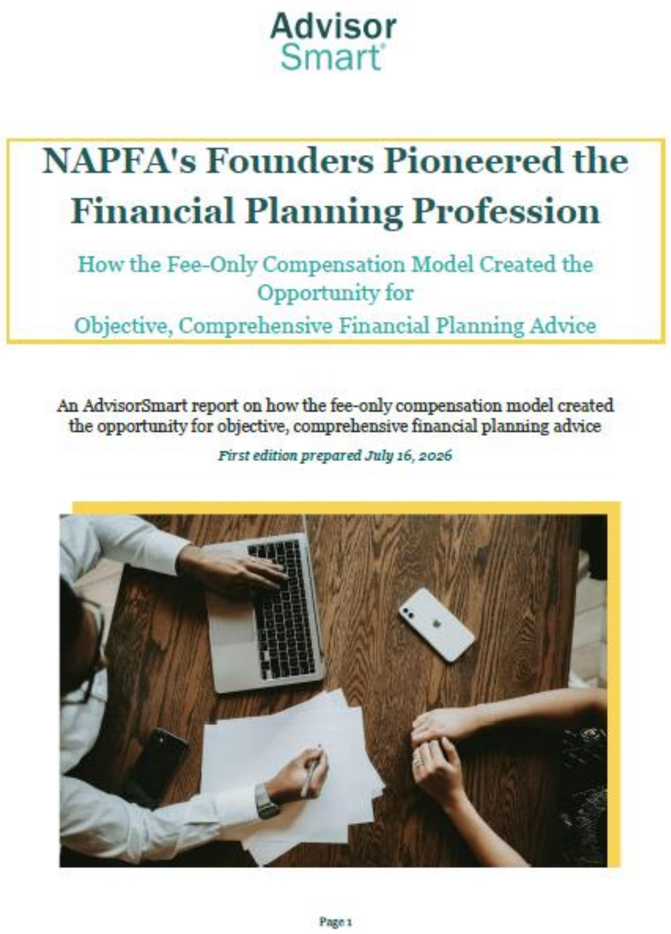
- Be a leader.
- Influence your firm & your membership associations.
- Watch your language: use professional versus industry.
- Don’t argue with idiots.
  - “Choose constructive conversations.”
  - “Do not let unproductive arguments distract you from serving clients.”
  - “Engage with curiosity; disengage with respect.”
  - “Focus your energy where you can make a difference.”

Action Steps

Observable behaviors:

1. Explain your compensation and conflicts before the client asks.
2. Document why a recommendation is in the client's best interest.
3. Tell clients what you do not know.
4. Invite disagreement and second opinions.
5. Discuss alternatives that would pay you less.
6. Establish a process for reconsidering prior advice.
7. Identify one situation in which your legal duty is lower than your personal standard.
8. Review one client communication for language that sounds like product sales rather than professional advice.
9. Discuss an ethical dilemma at the next firm meeting.
10. Add the Twelve Principles to the firm's annual code-of-ethics discussion.

Action Steps



Advisor Smart

NAPFA's Founders Pioneered the Financial Planning Profession

How the Fee-Only Compensation Model Created the Opportunity for
Objective, Comprehensive Financial Planning Advice

An AdvisorSmart report on how the fee-only compensation model created the opportunity for objective, comprehensive financial planning advice

First edition prepared July 16, 2026

Page 1

- Focus on the positives
- Focus on how you serve clients
- Focus on how you add value
- Pay attention to history
- Pay attention to trends

https://img1.wsimg.com/blobby/go/c5ca56b0-518d-4372-b123-d655e524002c/downloads/3f4a71b9-2b96-4f41-9229-cd4652bf2d52/AdvisorSmart_NAPFA_Founders_Pioneered_Financia.pdf?ver=1784234561761

Action Steps

Stop using the word industry to describe your profession.

Watch your language:

- https://misterfiduciary.com/blog/f/language-matters-using-fiduciary-as-a-noun
- https://misterfiduciary.com/blog/f/language-matters-using-the-word-fiduciary-as-an-adjective

Action Steps

<u>Personal</u> call to action: Choose one fiduciary behavior you will change during the next 30 days. Examples:

- Disclose a conflict more clearly.
- Discuss a lower-cost or lower-compensation alternative.
- Admit uncertainty sooner.
- Invite a colleague to challenge an important recommendation.
- Document the moral and ethical reasoning behind a difficult decision.

Action Steps

<u>Firm</u> call to action: Use the Fiduciary Excellence Framework at your next team meeting. Ask your firm to:

- Select one real ethical dilemma.
- Analyze it through the legal, ethical, and moral lenses.
- Identify where the law provides only a minimum standard.
- Agree on the behavior expected from everyone in the firm.
- Document the conclusion as a firm precedent

Action Steps

<u>Professional</u> call to action. Help move financial planning from an industry built around transactions to a profession built around trusted advice. Specific actions:

- Stop casually describing financial planning as an “industry.”
- Ask professional organizations how they enforce their ethical standards.
- Volunteer for a standards, ethics, membership, or governance committee.
- Speak publicly about the difference between legal compliance and fiduciary excellence.
- Encourage peers to adopt higher standards even when regulators do not require them.

Action Steps

Your Fiduciary Excellence Commitment

Before you leave, write down:

1. One client who deserves a more transparent conversation.
2. One conflict your firm should examine.
3. One professional behavior you will improve.
4. One principle you will help strengthen within GPN or another professional association.
5. One action you will complete within 30 days.

Action Steps

Legal compliance determines whether you may act.

Professional ethics help determine how you should act.

Character determines who you are when no one is watching.

Garrett advisors already have a business model designed to reduce conflicts and expand access to advice. The next opportunity is to demonstrate what fiduciary excellence looks like in daily professional conduct.

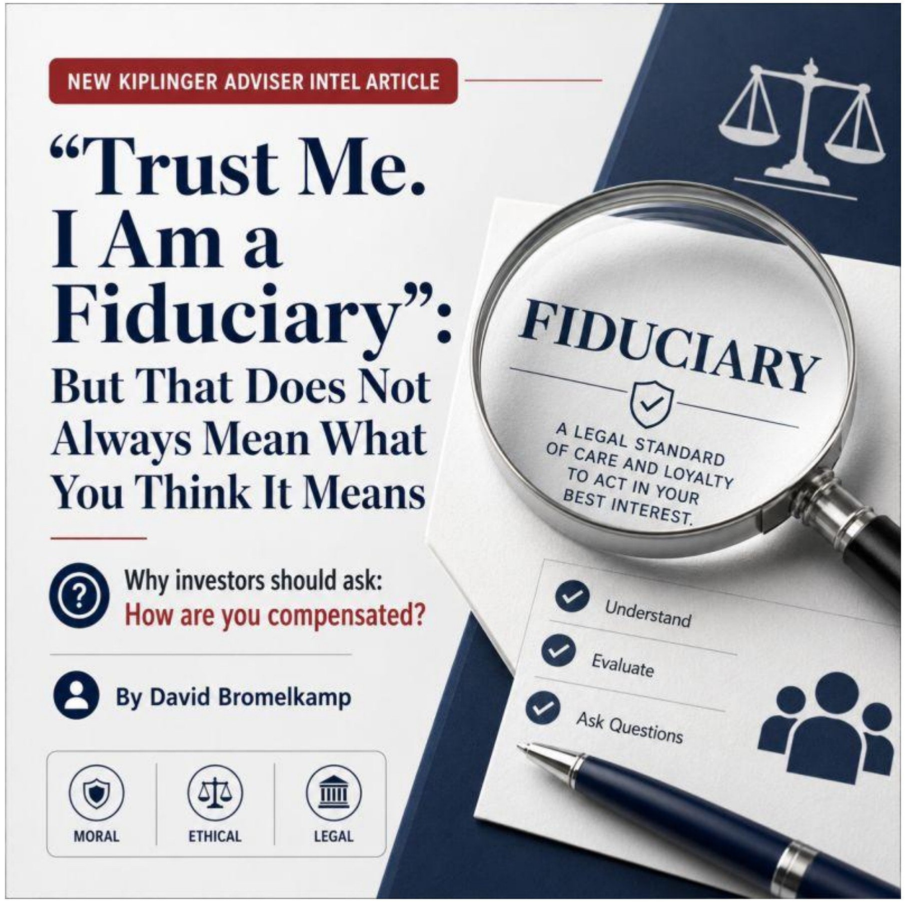
Do not merely meet the fiduciary standard. Help define a higher one.

Resources

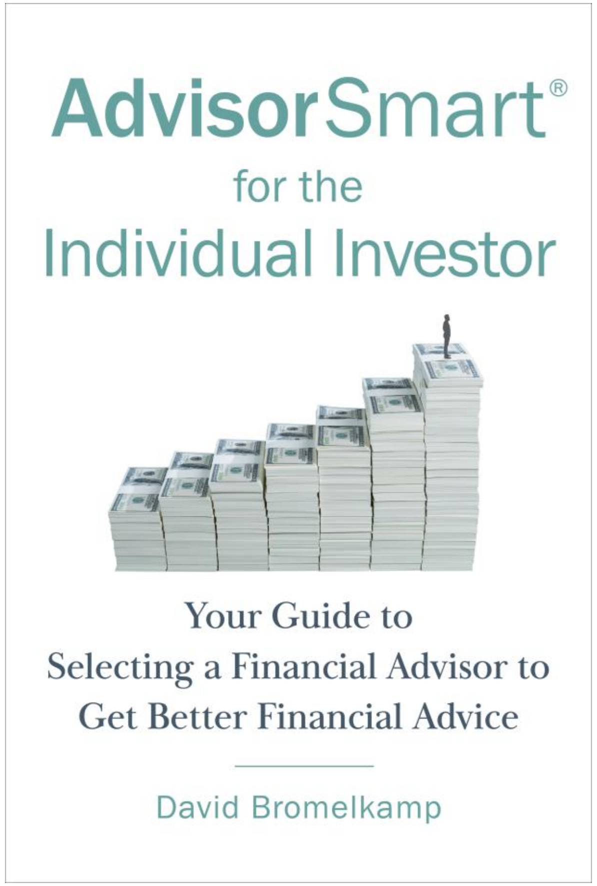
Resources

https://advisorsmart.com/kiplinger

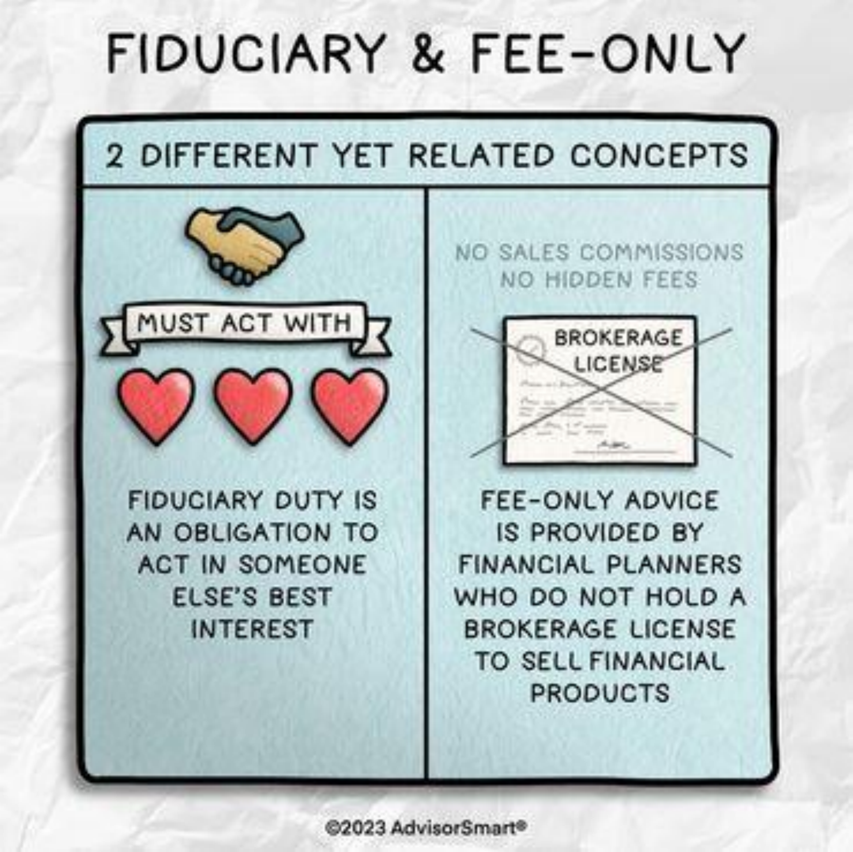
AdvisorSmart has interviewed Jean Keener, Tracy St. John & Eileen Freiburger to explain the benefits to the consumer of comprehensive, fee-only financial planning advice.



Resources



https://www.advisorsmartbook.com/



https://advisorsmart.com/images

50 free images for you to use

Resources

JOSEPHSON INSTITUTE

https://josephsoninstitute.org/

WE’RE WORKING TO CREATE A WORLD WHERE DECISIONS AND BEHAVIOR ARE **GUIDED BY ETHICS.**

Michael Josephson

Resources


The Committee for the Fiduciary Standard

FIDUCIARY OATH

AS A FIDUCIARY ADVISOR, I SOLEMNLY SWEAR TO:

PUT THE CLIENT'S INTERESTS FIRST.

I will act in the best interest of my clients and place their interests ahead of my own.

ACT WITH PRUDENCE.

I will provide advice with the care, skill, diligence, and professional judgment that a prudent person would exercise.

AVOID CONFLICTS OF INTEREST.

I will not let my personal interests or those of my firm interfere with the interests of my clients.

DISCLOSE REMAINING CONFLICTS.

I will fully and fairly disclose any conflicts of interest that cannot be avoided, so my clients can make informed decisions.

CONTROL AND MANAGE CONFLICTS.

I will take all reasonable steps to mitigate conflicts of interest and protect my clients.

COMMITTEE for the FIDUCIARY STANDARD

We advocate for a uniform fiduciary standard of conduct so that all investors can be confident the advice they receive is always in their best interests.

I accept this duty with integrity and humility, placing the trust and confidence of my clients above all else. I will uphold the highest standard of fiduciary conduct in all that I do.

Kate McBride

https://www.thefiduciarystandard.org/

Resources

INSTITUTE FOR THE FIDUCIARY STANDARD

https://thefiduciaryinstitute.org/

Knut Rostad

Resources

The Great Convergence And The Death Of Fiduciary Differentiation (For RIAs)

kitces.com/blog/great-convergence-ria-fiduciary-marketing-differentiation-broker-dealer-regulation-best-interest, July 15, 2019

https://www.kitces.com/blog/great-convergence-ria-fiduciary-marketing-differentiation-broker-dealer-regulation-best-interest/

Michael Kitces

Resources

CEFEX

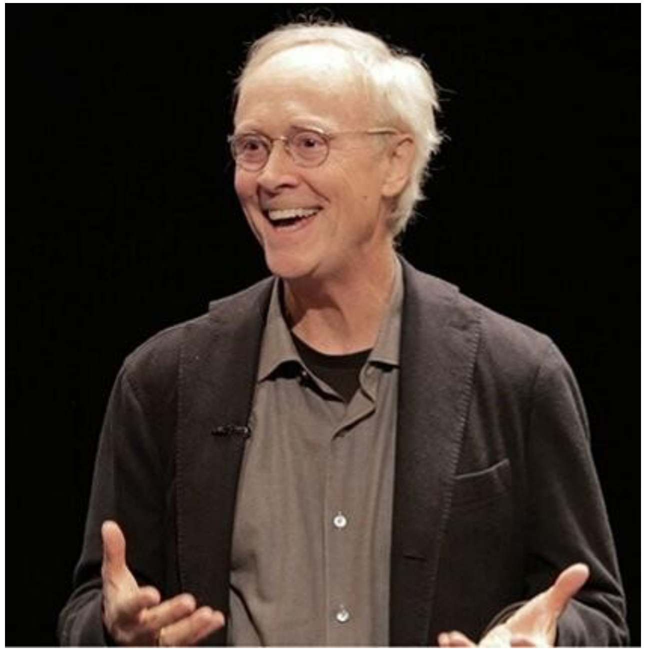
CENTRE FOR FIDUCIARY EXCELLENCE

https://www.cefex.org/Index.shtml

Carlos Panksep

Resources

Fiduciary In All Things



George Kinder

Suggested Resources

www.AdvisorSmart.com/images

www.AdvisorSmart.com/kiplinger

www.AdvisorsmartBook.com

https://newsletter.advisorsmart.com/signup

www.MisterFiduciary.com

www.MisterFiduciary.com/blog

https://misterfiduciary.com/code-of-ethics

https://www.thefiduciarystandard.org/

Outline

1. Fiduciary Framework
2. Legal
3. Ethical
4. Moral
5. Mister Fiduciary Code of Ethics
6. Case Studies
7. The Trust Equation
8. Action Steps
9. Resources

Thank You

David Bromelkamp

Q&A

AdvisorSmart®
www.advisorsmart.com

david@AdvisorSmart.com
david@MisterFiduciary.com

Fiduciary Excellence Framework: **Standards Beyond Legal Obligation**