



'Fee-Only' and 'Fiduciary' Are Not the Same: A Financial Pro Sets the Record Straight

The terms fiduciary and fee-only are not interchangeable. Knowing the difference ensures investors get the advice and the consumer protection they need.

BY DAVID BROMELKAMP, PUBLISHED FEBRUARY 12, 2026

If you're looking for a financial adviser today, you've probably seen the word "fiduciary" everywhere. Banks use it. Brokerage firms use it. Insurance companies use it. Independent advisers use it, too. On the surface, that might sound like good news for investors, until you realize that the word is now being applied to vastly different business models, compensation structures and client relationships.

That's why investors need to understand an important truth: Fiduciary does not mean fee-only, and fee-only does not automatically mean fiduciary. The distinction matters more than ever.

Fee-only: A clear, verifiable starting point

Fee-only refers to how a financial adviser is paid, and that clarity is exactly why it matters. A fee-only financial adviser is compensated only by the client, through fees such as hourly charges, flat fees, retainer fees, or a percentage of assets under management. With a fee-only financial adviser there are no commissions, no sales incentives, and no third-party compensation from financial product providers.

From an investor's perspective, fee-only adviser compensation has four critical advantages:

- **It is binary.** An adviser either accepts third-party compensation or does not
- **It is objective.** No intent or interpretation required

- **It is verifiable.** Disclosed in regulatory filings
- **It is enforceable.** Capable of being required and monitored

In an industry full of marketing language and overlapping titles, fee-only remains one of the few bright-line standards investors can evaluate *before* hiring an adviser. That clarity is why organizations such as the National Association of Personal Financial Advisors (NAPFA) were originally created — to give consumers a meaningful alternative to conflicted advice models.

Fiduciary duty: Essential, but broad and inconsistent

A fiduciary relationship is something different.

Fiduciary duty governs how an adviser must behave, not how they are paid. It includes:

- **A moral obligation** based on trust and client reliance
- **An ethical obligation** rooted in professionalism and integrity
- **A legal obligation** enforceable under common law, trust law, the Employee Retirement Income Security Act (ERISA), investment adviser regulations and securities regulations

These duties are critically important. But they are also complex, contextual and often invisible to consumers upfront.

Today, the word fiduciary is used to describe everything from comprehensive financial planning relationships to narrow, account-specific arrangements at banks, brokerage firms and insurance companies. Many of these so-called fiduciary accounts apply only to a single product or transaction — and only some of the time. That inconsistency is where investor confusion begins.

Why fee-only and fiduciary are not the same

Fee-only compensation does not create a fiduciary relationship by itself.

What it does do is:

- Reduce structural conflicts of interest
- Align adviser incentives with client outcomes
- Make fiduciary behavior easier to deliver — and easier to defend

In other words, fee-only compensation supports fiduciary conduct, but it does not define it.

Steven Fox, founder of AdviceOnly and Next Gen Financial Planning, captures this distinction clearly: "If the consumer focuses on seeking comprehensive fee-only financial planning advice, then a fiduciary relationship with your financial advisor comes along for the ride in a tangible manner. The inverse is not necessarily true, particularly with so many different versions of the term 'fiduciary' now being marketed by the banks, brokerage firms and insurance companies. "These account-specific marketing pitches don't really mean the same thing as the fiduciary standard of the comprehensive fee-only financial planner who promises to act in your best interest at all times with all of your accounts."

That insight is critical. Fee-only financial planning is comprehensive by design. Many fiduciary financial adviser marketing claims in the marketplace are not.

The risk of blurring the line

When fee-only and fiduciary are treated as interchangeable, several problems emerge:

- Investors lose a clear way to compare advisers
- Bright-line standards become semantic debates
- Marketing claims replace structural transparency
- Enforcement becomes harder and weaker

The word fiduciary is now so elastic that it often tells consumers very little about the conflicts they may still face. Fee-only, by contrast, remains concrete.

That doesn't make fiduciary duty unimportant. It makes it insufficient on its own as a consumer protection tool.

What investors should focus on

If you're trying to choose a financial adviser, think of it this way:

- **Fee-only answers the question, How is my adviser paid?**
- **Fiduciary answers the question, How must my adviser act?**

You want both — but you want them in the right order.

Fee-only compensation gives you a clear, objective foundation. A comprehensive fiduciary relationship is what should be built on top of that foundation.

The bottom line

The financial advice industry doesn't suffer from a lack of promises. It suffers from a lack of clarity. Fee-only compensation remains one of the few distinctions that investors can verify in advance. Fiduciary duty is deeper, broader and essential, but it works best when supported by the fee-only financial adviser compensation model designed to minimize conflicts of interest from the start.

Fiduciary does not mean fee-only. But fee-only makes fiduciary advice far more likely. For investors, that distinction isn't academic. It's protection.



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