

CFP® Fiduciary Standard

Advisor
Smart®

IS YOUR CFP® PROFESSIONAL A LEGAL FIDUCIARY?

Is your CFP® professional a legal fiduciary? We recommend seeking out the most objective personal financial planning advice from a highly educated and professionally trained CERTIFIED FINANCIAL PLANNER™ professional. However, the ability for CFP® professionals to provide a fiduciary standard of care at all times may depend on the type of firm that they work for. Be aware not all CFP® professionals have a LEGAL fiduciary standard of care to act in your best interests at all times—in fact, many DO NOT.

Spectrum of Standards of Care							
Financial Advisor Role			Moral Standard	Ethical Standard	Legal Fiduciary Standard		
			Moral Standard of the Individual Financial Advisor	Ethical Standard of the Individual Financial Advisor Financial Advisor's Professional Trade Associations like the Certified Financial Planner Board of Standards, Inc. (CFP Board)	Suitability Standard Primarily regulated by FINRA, a self-regulatory organization (SRO) that enforces compliance with brokerage firm industry standards)	Best Interest (BI) Standard Primarily regulated by FINRA, a self-regulatory organization (SRO) that enforces compliance with brokerage firm industry standards)	Fiduciary Standard Under the primary regulation of the Securities and Exchange Commission (SEC)
Financial Advisor Type	Insurance Agent unaffiliated with a brokerage firm or Registered Investment Adviser (RIA) firm	No CFP® Certification		No	No	No	No
		CFP® Certification obtained		Yes	No	No	No
	Bank Representative unaffiliated with a brokerage firm or Registered Investment Adviser (RIA) firm	No CFP® Certification		No	No	No	No
		CFP® Certification obtained		Yes	No	No	No
	Registered Representative (RR) working for an investment securities brokerage firm	No CFP® Certification		No	Yes	Yes	No
		CFP® Certification obtained		Yes	Yes	Yes	No
	Financial Advisor working for a dually-registered brokerage firm/Registered Investment Adviser (RIA) Firm	No CFP® Certification		No	Yes	Yes	Not Always
		CFP® Certification obtained		Yes	Yes	Yes	Not Always
	Investment Adviser Representative (IAR) working for a Registered Investment Adviser (RIA) Firm	No CFP® Certification		No	No	No	Yes
		CFP® Certification obtained		Yes	No	No	Yes

Although the CFP® professional may have ethical requirements that are defined by the CFP Board of Standards, these ethical requirements are enforced by the CFP Board as a professional trade association and not by the government. We believe that some professional trade associations struggle with enforcing their code of ethics because they do not want to lose the revenues from membership dues by disciplining their members. Investors are best served by selecting a CFP® professional who works for a fee-only financial planning firm that does not sell financial products. To be an informed consumer of personal financial advice, one of the most important questions that you need to ask is: Does my financial planner have a LEGAL fiduciary obligation to act in my best interests at all times?

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