

# Suitability vs. Financial Standard

**Presenter: Randy Pople**

Pople Financial Consulting, Inc.  
[www.poplefinancial.com](http://www.poplefinancial.com)

*March 12, 2015*

***The Educational Series  
Insurance Trust Monitor, Inc.***

809 W. 1st Street, Suite B Cedar Falls | IA | 50613  
[www.youritm.com](http://www.youritm.com)  
866.384.2766

This course qualifies  
for has been applied for  
Continuing  
Education for both  
CFP® and CTFA (under  
Fiduciary) Designations.

The Institute of Certified Bankers (ICB), a subsidiary of the American Bankers Association, is dedicated to promoting the highest standards of performance and ethics within the financial services industry. This statement should not be viewed as an endorsement of this program or its provider.

**INSURANCE TRUST MONITOR, INC.**

**KEEPING TRUSTS  
ON TRACK**



SPECIALIZED. INDEPENDENT. COMPREHENSIVE.

---

---

---


---

---

---

---

---



**Suitability vs  
Fiduciary Standard**

*March 12, 2015*

Please Note: A Handbook and CE Form have been provided for this session. If you have not received one, email us at [admin@youritm.com](mailto:admin@youritm.com).

KEEPING TRUSTS ON TRACK INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---



Visit the ITM Website at <http://www.youritm.com>  
and the new ITM Blog at <http://youritm.wordpress.com/>

KEEPING TRUSTS ON TRACK INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**Future Webinars**

**Wednesday, March 25th**  
1:00 p.m. EST  
**Notes/Mortgages and Liability Assets -  
Fiduciary Management**

**Tuesday April 21st**  
1:00 p.m. EST  
**Oil and Gas Trends**

Keep checking the  
ITM website for our  
Future Sessions

KEEPING TRUSTS ON TRACK INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**Today's Webinar**

**Suitability vs Fiduciary Standard**  
*March 12th, 2015*

Today's Speaker:  
**Randy Pople**  
Pople Financial Consulting, Inc.  
[www.poplefinancial.com](http://www.poplefinancial.com)



KEEPING TRUSTS ON TRACK INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**History**

- **Stock Market Crash of 1929**
  - Speculation
  - Margin
  - The Great Depression
- **The Securities Act of 1933**
  - Primary Market
  - Registration
  - Full Disclosure

KEEPING TRUSTS ON TRACK INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**History**

- **The Securities Act of 1934**
  - Secondary Market
  - Regulated Financial Markets And Participants
  - Establish The SEC
- **Investment Company Act of 1940**
  - Regulation For Mutual Funds

KEEPING TRUSTS ON TRACK itm INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**History**

- **Investment Advisors Act of 1940**
  - Regulation For Investment Advisors
  - Defined Advisor – any person who for compensation engages in the business of advising others, either directly or through publications or writings, as to the value of securities, or to the advisability of investing in, purchasing, or selling securities
  - Standard – act in the best interest of their clients at all times and take into consideration their clients' financial positions and financial sophistication – (The Fiduciary Standard)

KEEPING TRUSTS ON TRACK itm INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**History**

- **The Merrill Rule - 1999**
  - Exempted brokers from Investment Advisors Act of 1940 – as long as their advice was “solely incidental”
- **Overturn of Merrill Rule – 2007**
- **Rand Study – 2008**
  - Found the great majority of investors assumed that advisors and brokers were subject to the same level of care

KEEPING TRUSTS ON TRACK itm INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**History**

- **Obama Administration Proposal - 2009**
  - Uniform Fiduciary Standard
- **Dodd-Frank Act - 2010**
  - Gave the SEC power to impose on Broker-Dealers a Standard of Conduct "No less stringent than the Standard Applicable to Investment Advisors"
- **March 12, 2015 - ?**

KEEPING TRUSTS ON TRACK INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**Suitability Standard**

- **Broker - Dealer**
  - SEC Considers a Broker-Dealer an Intermediary
  - Broker – Agent for the Client
  - Dealer – Principal for Their Own Account
  - Primary Compensation – Commission

KEEPING TRUSTS ON TRACK INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**Suitability Standard**

- **FINRA Rule 2111 Suitability**
  - Suitable Based On Investment Profile
  - Investment Profile
    - Age
    - Other Investments
    - Financial Situation And Needs
    - Tax Status
    - Investment Objectives
    - Investment Experience
    - Time Horizon
    - Liquidity Needs
    - Risk Tolerance
- **Regulator**
  - SEC
  - FINRA

KEEPING TRUSTS ON TRACK INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**The Fiduciary Standard**

- **Governs Advisors**
- **Standard**
  - Client's Best Interest First
  - Act With Prudence
    - Skill
    - Care
    - Diligence
    - Good Judgment
    - Professional

KEEPING TRUSTS ON TRACK itm INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**The Fiduciary Standard**

- **Standard (Continued)**
  - Full And Fair Disclosure
  - Avoid Conflicts
    - Fully Disclose Unavoidable Conflicts
- **Regulator**
  - SEC

KEEPING TRUSTS ON TRACK itm INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---

**The Issues**

- **Allegiance**
  - Client
  - Firm
- **Compensation**
  - Disclosure
  - Conflict
    - Share Class
    - Loads
    - Commission

KEEPING TRUSTS ON TRACK itm INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---



## Trust and Estates

- **Uniform Trust Code**
  - A trustee shall administer the Trust **solely** in the interests of the beneficiaries
- **Uniform Prudent Investor Act**
  - The Fiduciary has a duty to invent and manage the investment assets as a **prudent** investor

KEEPING TRUSTS ON TRACK itm INSURANCE TRUST MONITOR, INC.

---

---

---

---


---

---

---

---

## Final Thoughts and Questions



KEEPING TRUSTS ON TRACK itm INSURANCE TRUST MONITOR, INC.

---

---

---

---

---

---

---

---