



Print

It's Time To Take Our Own Advice

New DOL Fiduciary Rule is an opportunity to assess credit unions' long-term goals for their investment advisors.

[By CUSO Financial Services, L.P.](#)

Every so often the markets go through a tumultuous time and just like clockwork, investment advisors' phones begin to ring with nervous clients who wonder if it's time to get out of the market. Whenever that happens, experienced advisors ask their clients if their goals have changed. They remind them not to disrupt their long-term plans by reacting to short-term events.

Isn't it time we took our own advice?

Yes, once again our industry is changing with the upcoming Department of Labor Fiduciary Rule, and no, nobody knows for sure how the changes will shake out, but we do know that the best way to handle it is to stay focused on the long term and continue to refine our practices for the betterment of credit union members. Don't get distracted by the scare tactics from some firms. The truth is, smart credit unions and credit union service organizations like ours have been working in the best interests of our clients for a long time, and need only make minor adjustments to align with the new DOL requirements. We're able to help our credit unions stay focused on their goals without requiring major changes.

What is the DOL Fiduciary Rule and why are some broker-dealers so concerned about it?

At a high level, the DOL has issued a new rule, effective starting next April 10, 2017, that will require all investment advice to retirement account holders to be subject to a fiduciary standard ("in the best interest of client"). In 2018, variable compensation (i.e., commissions, trails, revenue sharing, etc.) will not be permitted unless an exemption is utilized (e.g., Best Interest Contract Exemption, or "BICE"). For some broker-dealers with a history of regulatory actions, proprietary products, shareholder issues, and other negative factors, such a requirement means one more issue to deal with.

However, broker-dealers like CUSO Financial Services that have always been structured to act in the best interest of members and credit union investment programs, such a requirement will have just a minimal impact. Some firms like ours have already incorporated many key elements long before the DOL required them, including a best interest standard, non-proprietary products, disclosure documentation, and a product offering designed for fair and reasonable compensation.

Because we've already had these elements woven into our business processes our programs and advisors are already accustomed to them, and incorporating the DOL Fiduciary Rule requirements will be a seamless transition for us.

What you can do now?

Don't panic. Don't let the ill-preparedness and noise of other firms sway you from your long-term goals. Leaders should remind investment advisors to take extra care of their members right now and focus on doing what's in the best interest of their clients as always. It's also important to use the available tools and technology to adjust to the changes. Talk to your broker-dealer about 2017 budget forecasting tools. They should have resources available to help you create a quantifiable plan for next year. For example, right now we're promoting our Product Mix Transition Calculator. It's helping programs and

advisors analyze their current book of business and product mix versus anticipated changes to create an action plan for success in 2017.

Investment business within credit unions is simple and boils down to two things: At-bats and extra-base hits.

“At-bats” refers to your advisors’ appointment calendar.

It’s a fundamental: your investment advisors need to meet with members. Remind your advisors to stay focused on connecting with their clients. Members may be nervous about the outcome of the election or what the DOL Fiduciary Rule means to them, and they need frequent communication from their advisor.

“Extra base hits” refers to advisors getting full productivity out of every appointment opportunity.

Make sure you or your investment advisors are doing a deep dive with clients, exploring their full financial situation to best understand and serve their needs. When advisors get the right training and support on being maximally productive in their client meetings, they know how to change the conversation from a simple transaction to a more comprehensive plan around meaningful life goals. Make sure your broker-dealer has a history of training advisors on comprehensive financial planning ... and that it’s not just a recent, DOL-inspired addition.

Historically, whenever there is upheaval and change there is also opportunity. DOL will result in money and clients in motion, looking at alternatives to meet their financial planning needs and their investment objectives. Don’t miss this window of opportunity to capture new clients and attract new assets into your program. Having a focused strategy now will materially change where you are in the future, so don’t delay in putting growth strategies into action.

Fully prepared firms have the resources to help you.

If your broker-dealer is talking about the DOL Fiduciary Rule and how difficult it will be to make “all the changes” needed, it’s likely it has other problems to deal with in addition to the DOL.

It’s possible that its current situation, with regulatory actions, shareholder issues, proprietary products, and other issues on top of the added DOL changes, will make it difficult to best serve your needs as a credit union. Instead, firms like CFS which have a long history of successfully implementing new regulatory requirements, being technology leaders, and adapting to industry changes, are your best resource to achieve your credit union’s long-term goals.

CFS can help your credit union fully understand how the DOL Fiduciary Rule will change the industry in 2017 and what that means for you and your members. As we celebrate our 20th anniversary, we look back on a long legacy of helping credit union-based financial representatives become the investment advisor they have always wanted to be, and we’re happy to share our many resources with you and your team. Give us a call today to learn more about us, and the many ways our programs are already prepared for the DOL Fiduciary Rule.

Nov. 7, 2016

<http://www.creditunions.com/articles/its-time-to-take-our-own-advice/#>

Source: CreditUnions.com: <http://www.CreditUnions.com> © 2017 Callahan & Associates, Inc. P: 800-446-7453 F: 800-878-4712