
Cambridge advisors will use the BIC, accept “levelized” commissions

By Editorial Staff Thu, Nov 3, 2016

Like Raymond James and Morgan Stanley—but unlike Merrill Lynch—Cambridge will let commission-based advisors serve retirement clients.

Cambridge Investment Group, which serves some 3,000 independent advisors nationwide through its registered investment advisor and broker-dealer entities, will continue to support both fee-based and commission-based accounts for its advisors’ IRA clients, the firm announced this week.

Like Raymond James and Morgan Stanley—but unlike Merrill Lynch—Cambridge will let commission-based advisors serve retirement clients. Under the new Department of Labor conflict-of-interest rule, those advisors can do so only if they pledge to act in clients’ best interests, not their own or their firms’.

Cambridge intends to apply the Best Interest Contract provision announced by the DOL last April for certain commission-based accounts. Commissions will be the same (“levelized”) for similar investment options. Discretionary advisory business will be supported through level fee (a percentage of assets under management) platforms.

“Cambridge has long been a leader in fee-based accounts, but we believe the investing client and their trusted financial advisor must have access to appropriate choices they can consider for their unique retirement needs,” said Amy Webber, president of Cambridge. “We’ve identified four business paths our advisors can choose from.”

The four business paths are:

- Non-retirement investing client (with after-tax accounts).
- Small accounts (under \$25,000).
- Best Interest Contract (IRA clients with commissioned advisors).
- Level fee fiduciary (Investment advisor representatives who charge a percentage of assets under management).

Cambridge said its Fiduciary Services team is creating Advisor Fiduciary Plans. The plans will show advisors how their accounts are affected by the new DOL rule, and how they can comply with the rule by the April 10, 2017 preliminary deadline and the January 1, 2018 final deadline.

Cambridge Investment Group, Inc. is a privately controlled firm consisting of multiple

broker-dealers and RIAs, including Cambridge Investment Research Advisors, Inc., a large corporate RIA; Continuity Partners Group, LLC, a special purpose broker-dealer and registered investment advisor; and Cambridge Investment Research, Inc., an independent broker-dealer.

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