

LPL announces adaptations to impending DOL fiduciary rule

By Editorial Staff Thu, Mar 17, 2016

We are 'making changes to our platform and capabilities that we believe will help advisors grow their practices and support more investors in need of financial advice,' said LPL's president in a release.

Independent broker-dealer and retail investment advisor LPL Financial will reduce prices, lower account minimums, simplify its mutual-fund only brokerage IRA offering and institute “operational enhancements to drive efficiency” in anticipation of the impending release of the final version of the Department of Labor’s fiduciary or “conflict of interest” rule.

According to an LPL release yesterday, the planned changes include:

Price reductions: LPL plans to reduce the pricing of its centrally managed platforms in order to help advisors provide their services more cost-effectively and grow their practices by reaching more investors. In addition to the previously-announced elimination of the LPL Research strategist fee and annual IRA maintenance fee in its Model Wealth Portfolios (MWP) advisory platform earlier this year, the firm plans to further reduce MWP pricing in 2017. The change is expected to lower the total cost of accessing quality financial advice for investors in some cases by nearly 30% compared to current pricing.

Lower account minimums: To help ensure that investors continue to have access to financial advice, LPL plans to lower the account minimums in its Optimum Market Portfolios (OMP) advisory platform from \$15,000 to \$10,000 later this year. As previously announced, LPL eliminated the IRA maintenance fee for OMP at the start of this year.

Simplified mutual-fund only brokerage IRA offering: In anticipation of the additional operational requirements the firm expects for direct business, LPL is planning to create a simplified mutual fund-only brokerage IRA offering to support the continued use of mutual funds in a brokerage relationship as an option for IRA business. This offering would allow LPL to support mutual funds previously held directly with manufacturers. The new offering is not expected to have an annual IRA maintenance fee.

Enhanced practice management capabilities to manage change: The firm plans to provide specialized practice management support to help advisors manage through changes in their practices, including licensing assistance and business analysis.

Operational enhancements to drive efficiency: The firm is also planning simplified

operational processes—such as keeping account numbers unchanged when accounts are transitioned from brokerage to advisory accounts—that will allow investors who want to convert their accounts to do so in a more streamlined way.

“While much uncertainty remains as to what the final DOL rule will look like, LPL is taking a proactive approach by making changes to our platform and capabilities that we believe will help advisors grow their practices and support more investors in need of financial advice,” said Dan Arnold, LPL president, in a release.

“Regardless of the final outcome, we expect demand for advisory services to increase going forward,” continued Arnold. “We also believe that retirement investors will continue to benefit from a brokerage relationship and that the need for a brokerage offering will continue if these relationships can be supported under the DOL rule. The changes announced today position both LPL and our advisors for growth and increased market share, while offering choice and flexibility to serve a range of investors seeking both ongoing and occasional advice.”

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