# Most Advisors Favor ERISA Fiduciary Standard: Survey

By Kerry Pechter *Mon, Aug 26, 2013*

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Almost 80% of financial advisors say they support the ERISA fiduciary standard for advice to investors regarding their 401(k) and IRA retirement accounts, according to the results of a recent survey by fi360 and Think Advisor.

The survey measured the attitudes of financial intermediaries toward the fiduciary standard and how they apply fiduciary principles – or not – in practice. More than 380 advisors from a broad set of business models, registration types and compensation schemes participated in the survey.

Participants included registered investment advisers, investment adviser reps (RIA/IARs); broker-dealer registered reps; dual registrants – who are both RIA/IARs and BD registered reps; insurance consultants and insurance producers. Their clients include individual and retirement investors.

The advisory and brokerage industries are currently waiting for a new proposal from the U.S. Department of Labor (DoL) on fiduciary rules that would require advice-givers to put the interests of plan participants first—ahead of their own financial interests or the financial interests of a broker-dealer that pays them—when advising participants.

Current rules allow some advisors to remain exempt from the ERISA fiduciary standard under certain conditions. Several large financial services companies have opposed adoption of a fiduciary standard for all intermediaries.

The *2013 fi360-ThinkAdvisor Fiduciary Survey* was conducted by fi360, an organization for fiduciary education, investment analytics, support services and industry insights for financial professionals, in partnership with ThinkAdvisor.com, the online news and analysis site for advisors. This is the third year that fi360 and ThinkAdvisor (formerly AdvisorOne), have collaborated on the survey.

In the survey, advisors largely rejected the most common arguments against extending the fiduciary standard for advice. Survey respondents said extending to fiduciary standard to brokers:

- Would not cost investors more for advice (79%).
- Would not price investors out of the market for advice (69%).
- Would not limit access to advice or products (68%).

Survey participants strongly agreed that investors are unaware of the differences between the fiduciary standard governing investment advisers and the much lower “suitability” standard used by the brokers. Of the advisors participating in the survey:

- 97% say investors don’t understand the differences between brokers and investment advisers.
- 72% say the titles “advisor,” “consultant,” and “planner” imply a fiduciary relationship exists.
- 82% say disclosures alone are not sufficient to manage conflicts of interest.

On the retirement issue, advisors said the ERISA fiduciary standard that applies to advice to retirement investors in 401(k) accounts should also apply to IRAs and rollovers from 401(k) and IRA accounts.

- 79% agree that ERISA fiduciary duty should cover advice on rollovers out of 401(k)s and IRAs.
- 72% say the ERISA fiduciary duty that applies to 401(k)s should also apply to advice on IRAs.
- 61% agree that the Labor Department should expand the number of advisors who are considered fiduciaries

The survey also showed that compensation models make a material difference in how intermediaries interact with investors.

- Commission-only and commission/fee participants lean away from the fiduciary standard, while fee-only and fee-based participants lean toward the fiduciary standard.
- Most commission-only and fee/commission (more commissions than fees) would rather be fee based (more fees than commissions) or fee-only.