Retirement Income
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New Morningstar tool supports “best interest” rollover recommendations

By Editorial Staff *Thu, Nov 2, 2017*

Using the tool, advisors can determine, demonstrate, and document whether a proposal is in the investor's best interest, according to Morningstar.

Morningstar, Inc., the investment research firm, has launched the Morningstar Best Interest **Scorecard**, a tool designed to help financial advisors recommend rollovers to plan participants without violating any fiduciary standard. The Best Interest Scorecard enables advisors to assess:

- The client’s current investment plan
- Changes the client could make within their current plan
- The new portfolio and service offering that the advisor is proposing for the client through a rollover or other process

Using the tool, advisors can then determine, demonstrate, and document whether their proposal is in the investor’s best interest according to the proposal’s:

- Investment value: The expected returns and costs of 97.5% of US mutual fund and ETF assets, according to Morningstar’s ratings and methodology.
- Client fit: Overall efficiency of the asset allocation relative to Morningstar Target Risk Indexes and the ability of the plans to deliver portfolios that match the clients’ risk profiles.
- Service value: The net benefit to each client of financial planning services the advisor provides, such as life insurance advice, estate planning, behavioral coaching, rebalancing and annuity purchase decisions.

The Best Interest Scorecard also allows advisors to capture other client factors, such as appreciated employer securities, financial health of the investor and employer, or desire to work with an advisor, without weighing these factors explicitly in scores.