AIF

A MATTER OF TRUST:

THE BENEFITS OF CHOOSING AN
Accredited Investment Fiduciary®
DESIGNEE

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Are You Effectively Acting in Your Beneficiaries' Best Interests?

FULLY UNDERSTAND YOUR FIDUCIARY RESPONSIBILITIES AS AN INVESTMENT STEWARD

INVESTMENT STEWARDS—THOSE RESPONSIBLE FOR MANAGING INVESTMENTS WITHIN RETIREMENT PLANS, TRUSTS, ENDOWMENTS AND FOUNDATIONS—ARE FACING HEIGHTENED SCRUTINY FROM PLAN PARTICIPANTS, BENEFICIARIES, DONORS, CHARITABLE RECIPIENTS, AND STATE AND FEDERAL REGULATORS.

If you are one of those investment stewards, it is more important than ever for you to fully understand your **fiduciary responsibilities**.

Many investment stewards do not realize they are fiduciaries—and fewer still are truly aware of the full scope of their responsibilities. Some believe that they are meeting those requirements by implementing investment recommendations made by outside investment advisors. However, not all advisors are bound by the fundamental requirement of the fiduciary standard: **to act solely in the best interests of and with undivided loyalty to the plan or fund and its beneficiaries**.

But you are.

If you or other members of your organization need guidance to evaluate and improve your fiduciary investment processes, you should consider engaging the services of an advisor who has earned the Accredited Investment Fiduciary® (AIF®) Designation from the Center for Fiduciary Studies™.

WHAT IS THE CENTER FOR FIDUCIARY STUDIES?

Since 1999, the Center has served as the standards-setting body of fi360, the investment industry's leading source of insights, education, and advocacy on all aspects of fiduciary responsibility. The Center's team of subject matter experts includes experienced investment professionals, attorneys, technologists, and educators, all of whom share a commitment to promoting the widespread adoption of the fiduciary standard and helping advisors deliver the highest level of service to their clients.

The Center has leveraged its extensive knowledge of state and federal fiduciary law and its research into the processes employed by successful investment professionals and investment stewards to create the *Prudent Practices for Investment Fiduciaries*. Published in separate handbooks for investment advisors, investment managers, and investment stewards, the *Practices* provide guidance on all aspects of investment management, including asset allocation, fund evaluation and selection, performance monitoring, reporting, governance, and compliance.

TRUST BEGINS WITH UNDERSTANDING

Many investment stewards do not realize they are fiduciaries—and fewer still are truly aware of the full scope of their responsibilities—to act solely in the best interests of and with undivided loyalty to the plan or fund and its beneficiaries.

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Are You Confident in Your Fiduciary Investment Process?

Educational programs are available to promote widespread adoption of the Practices and instruct advisors in their practical application. In addition, the AIFA® Designation formally recognizes advisors who understand and follow the Practices.

fi360: Empowering Fiduciary Excellence

Fi360 is the leading fiduciary training and resources organization in the U.S. The instructors, writers, technologists, and other professionals who comprise fi360 share a common commitment to spread the knowledge and application of the *Prudent Practices for Investment Fiduciaries* among brokers, investment advisors, financial planners, and other investment professionals in the U.S. and abroad. Fi360's curriculum designers develop the AIF® and other fiduciary training programs, which are delivered to thousands of investment professionals, advisors, and stewards every year. Fi360 also develops sophisticated fiduciary management software for investment professionals that make it possible to easily and effectively manage and document a prudent investment process. In addition to training and process management software, fi360 offers a host of fiduciary resources including a blog, webinars, annual conference, and public advocacy for laws that promote greater transparency and accountability in the investment industry.

WHAT MAKES AN AIF® DESIGNEE DIFFERENT FROM OTHER ADVISORS?

While the *Practices* are available to all advisors, only those who have earned the AIF® Designation are formally recognized by the Center for demonstrating a full understanding of how to implement those processes to help institutional clients fulfill their fiduciary obligations.

AIF® Designees are able to use the knowledge and resources they have gained through their training to:

- Evaluate your organization's current fiduciary practices and recommend actions that address risk areas and help ensure compliance with applicable state and federal law
- Create and maintain a comprehensive investment policy statement that documents all of the processes and procedures that will be used to manage your portfolio
- Analyze and optimize your portfolio's asset allocation strategy to better align with the plan or fund's specific investment objective or the demographic needs of plan participants
- Apply objective standards for evaluating and recommending appropriate investment options for your portfolio

HOW CAN YOU BE SURE AN ADVISOR IS COMMITTED TO FIDUCIARY EXCELLENCE?

While the tenets of effective fiduciary oversight are well defined, the specific processes advisors must use to achieve them are not. That's why a growing number of advisors are receiving the training they need to employ the "gold standard" of fiduciary excellence in their business practices by earning the AIF® Designation from the Center for Fiduciary Studies™.

Do You Keep Current with Fiduciary Legal Requirements?

- Monitor and report performance of your portfolio and its underlying investments on an ongoing basis and recommending changes when necessary
- Serve as a resource for education and assistance to help you understand and fulfill your fiduciary obligations with greater confidence

In addition to providing fiduciary guidance and assistance, many AIF® Designees also take on the fiduciary responsibilities for managing assets in a retirement plan or endowment. That removes the burden of day-to-day oversight of those assets from your shoulders.

To maintain the designation, all AIF® Designees must complete continuing education training to keep up to date with changes in the industry and the ongoing evolution of legal requirements under the fiduciary standard. They also must recognize and formally affirm the principles and obligations stated in the Designee Code of Ethics, which govern their professional and ethical conduct.

WHAT RESOURCES ARE AVAILABLE TO DESIGNEES?

To help AIF® Designees serve their clients in conformance with the *Practices*, fi360 places a variety of educational and practice management tools at their fingertips:

- **Self-Assessment of Fiduciary Excellence (SAFE):** A questionnaire for Designees to evaluate the fiduciary processes of their investment steward clients. Many Designees also use the SAFE as a means of analyzing and improving their own fiduciary practices.
- **Consultant's Review of Fiduciary Practices (CRFP):** A working document that allows Designees to review the fiduciary processes of investment companies, retirement plan providers, banks, and trust companies and assist with correcting any deficiencies.
- **fi360 Toolkit for Advisors:** A sophisticated suite of online portfolio management tools that help advisors develop and optimize asset allocation and portfolio construction strategies and conduct extensive research on thousands of mutual and exchange-traded funds and separate account strategies.
- **Standardized documents:** Templates for creating personalized investment policy statements, client reports, contracts, and other essential documents.
- **Continuing education:** Industry updates using analysis delivered by fi360's team of fiduciary experts, as well as other industry thought leaders.

KNOW YOUR ADVISOR

Advisors who have earned the AIF® Designation have a thorough understanding of the fiduciary standard of care and its application and agree to conduct themselves as professionals. However, not all AIF® designees offer the same services and different service models provide different protections. You have a responsibility to understand the nature of your advisory relationships before you enter into them. *(See callout box: Five questions you should ask any investment professional.)*

Will Your Advisor Disclose All Important Facts?

HOW CAN I CONDUCT MY OWN DUE DILIGENCE ON AN ADVISOR I'M CONSIDERING?

You can conduct a background check on any advisor using the resources on the Securities and Exchange Commission website at http://www.sec.gov/investor/brokers.htm. You also can search for AIF® Designees at www.fi360.com.

Regardless of their credentials on paper, when evaluating an advisor, it's important to apply the same level of thoroughness and care you'd use in evaluating a physician, attorney or building contractor. It's up to you to examine their qualifications and credentials, identify any past or pending legal violations, solicit feedback from other clients, and fully understand the advisor's service model and fee structure. While an advisor may appear to be committed to acting in your organization's interests, making sure that person is fully qualified to do so is your own fiduciary responsibility.

Five Questions You Should Ask Any Advisor

Some advisors always operate in a fiduciary capacity, others only act as a fiduciary for certain specified services, and yet others are not permitted by their company to take on the obligations of a fiduciary at any time. In order to better understand the standard of care your advisor is providing you, ask the following questions:

1. Will you put my best interests above all others?
2. Will you act with prudence; that is, with the skill, care, diligence and good judgment of a professional?
3. Will you provide conspicuous, full and fair disclosure of all important facts?
4. Will you avoid conflicts of interest whenever possible?
5. Will you fully disclose and fairly manage, in my favor, unavoidable conflicts?

An advisor should be able to provide clear and concise answers to all of those questions and be willing to disclose that information in writing. In addition, any AIF® Designee should be able to describe how their relationship with you will operate and list the resources and tools that are incorporated into their business practices.

For more information on the Center for Fiduciary Studies, fi360, and the AIF® Designation, visit www.fi360.com

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