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Make Your Voice Heard!

On June 17th, 2009 President Obama released his reform proposal: Financial Regulatory Reform, A New Foundation: Rebuilding Financial Supervision and Regulation for the financial industry. In the very near future our federal government will be making important decisions about how the financial institutions in our country are regulated. Because of the importance of these decisions, now is the time to make sure your voice is heard.

One of the most important issues involved with this legislation has to do with who should be held to a fiduciary standard. A fiduciary standard mandates financial advisors to put the interests of their clients ahead of their own. Amazingly, federal regulations to date have allowed many financial advisors to skirt the issue of fiduciary duty to their clients. As it stands, some advisors are held to a "suitability standard", while others are held to a fiduciary standard. Suitability standards require financial advisors to recommend only those products that are suitable for a customer, based on their goals and circumstances, whether or not they are in the client's best interest. Interestingly, financial advisors up to this point have not been required to be too terribly transparent about which standard they are operating under. Don't you think this is information you should know?

The brokerage industry, with their heavily funded lobbyists, would like their advisors to be held only to a suitability standard (or a fiduciary-lite standard), but the Certified Financial Planners Board of Standards, the Financial Planning Association (FPA), and the National Association of Personal Financial Planners (NAPFA) believe the guiding principles of all who deliver financial advice should be a true fiduciary standard. Obama's proposal is advocating a fiduciary standard to those who offer investment advice as well. The current head of the SEC, Mary Shapiro, who hails from the brokerage industry, is downplaying the importance of a fiduciary standard, which is why it is important your representatives hear from you now. I have contacted my representatives; I hope you will too.

Here are some links you can use to let those in charge know that a true fiduciary standard for all who offer investment advice is important to you.

The senate banking committee:

<http://banking.senate.gov/public/index.cfm?FuseAction=CommitteeInformation.Membership>

The house financial services committee:

<http://www.house.gov/financialservices/members.html>

Our own state senators:

Jeff Merkely <http://merkely.senate.gov/contact/>

Ron Wyden <http://wyden.senate.gov/contact/>

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