INSTITUTE FOR THE FIDUCIARY STANDARD

Best Practices: Professional Conduct Standards
March 15, 2017

Best Practices are professional conduct standards that outline what the Board believes fiduciary advisors should do for clients. Here, each Best Practice is listed and described in *italics* below it. The practices seek to uphold a high standard of transparent and objective advice. A firm subscribing to Best Practices affirms with these actions, to:

1.Affirm the fiduciary standard under the Advisers Act of 1940, common law and, if applicable, ERISA and DOL's COI Rule, govern all professional advisory client relationships at all times.

Fiduciary status, as required in law, applies at all times in all client engagements and this affirmation is stated in writing.

2. Establish and document a "reasonable basis" for advice in the best interest of the client.

Advice is given on a "reasonable basis" and a summary of this "reasonable basis" will be provided by your advisor in writing upon request.

3. Communicate clearly and truthfully, both orally and in writing. Do not mislead. Make all disclosures and important agreements in writing.

All important client agreements and disclosures are put in writing and that no written or verbal statements are misleading.

4. Provide a written statement of total fees and underlying investment expenses paid by the client. Include any payments to the advisor or the firm or related parties from any third party resulting from the advisor's recommendations.

Your advisor provides a good faith estimate of fees and expenses in writing during the starting phase of the engagement when the investment policy is agreed to. Thereafter, your advisor will offer to all clients and will provide, upon request, an annual good faith estimate in writing of total fees and expenses incurred by each client and paid to the firm or related parties because of my advice.

5. Avoid conflicts and potential conflicts. Disclose all unavoidable conflicts. Manage or mitigate material conflicts. Acknowledge that material conflicts of interest are incompatible with objective advice.

Your advisor seeks to avoid conflicts of interest. For unavoidable conflicts, your advisor 1) affirmatively discloses the conflict with 'sufficiently specific facts' to allow client understanding, and 2) manages the conflict to preserve the client's best interests. For material conflicts your advisor 3) obtains informed written client consent. Also, 4) your advisor affirms the transaction remains consistent with the client's best interests. Further, he or she provides clients and prospective clients a written description of conflicts and steps to manage them.

6. Abstain from principal trading unless a client initiates an order to purchase the security on an unsolicited basis.

Your advisor abstains from principal trading – unless specifically requested by a client without your advisor's urgings.

7. Avoid compensation in association with client transactions. If such compensation is unavoidable, demonstrate how the conflict is managed and overcome and the product recommendation and compensation serves the client's best interest.

(The advisor should choose either "A" or "B".) A) Your advisor does not receive compensation in association with a client transaction. B) If your advisor does receive compensation in association with a transaction, your advisor 1) affirmatively discloses the conflict with 'sufficiently specific facts' to allow client understanding, and 2) manages the conflict to preserve the client's best interests. For material conflicts your advisor 3) obtains informed written client consent. Also, 4) your advisor affirms the transaction remains consistent with the client's best interests. Further, he or she provides clients and prospective clients a written description of conflicts and steps to manage them.

8. Avoid gifts or entertainment that are not minimal and not occasional. Avoid third party payments, "benefits" and indirect payments that do not generally benefit the firm's clients and may reasonably be perceived to impair objectivity.

Gifts and entertainment received are minimal and occasional. Any third party compensation or benefits received by the firm generally benefit the firm's clients and do not impair my objectivity. The firm's complete policy on gifts and entertainment and "soft dollars" is available on request.

9. Ensure baseline knowledge, competence and ongoing education appropriate for the engagement.

Your advisor's education, professional certifications and ongoing education are appropriate for client engagements, and, at minimum, include an undergraduate degree and either a relevant post graduate education or a specialized designation or certification requiring significant additional education.

10. Institute an investment policy statement (IPS) or an investment policy process (IPP) that is appropriate to the engagement and describes the investment strategy. Have access to a representative universe of investment vehicles that provide ample options to meet the desired asset allocation in consideration of generally accepted criteria.

The IPS or IPP may be of varying lengths, but it should express, at minimum, assumptions regarding objectives, risk and performance. Follow and document a prudent process of due diligence to research and analyze investment vehicles. On request, document the prudent process applicable to any recommendation and the investment program is implemented consistent with the IPS or IPP

11. Consider peer group rankings or apply specific procedures in ensuring underlying investment expenses are reasonable.

Your advisor benchmarks the fees and costs clients incur with reliable services or surveys other resources and / or has procedures to determine that client expenses are reasonable.

12. The advisor affirms in writing adherence to Best Practices, and attains written affirmation from the firm that these business practices may be met by the advisor**.**

Your advisor affirms adherence to Best Practices and no firm policy interferes with this adherence.