



## fi·du·ci·ar·y.

- 🌀 Of or relating to a holding of something in trust for another.
- 🌀 One that stands in a special relation of trust, confidence, or responsibility in certain obligations to others.

There was a wonderful article in the *New York Times* last Friday, October 10, 2014 by Tara Siegel Bernard entitled *Before the Advice, Check Out the Adviser*. ([Click here for article](#)) The article was chock full of interesting tidbits about annuities, fees, product costs and asset allocation. The most important topic however, and really the point of the article, was about fiduciary responsibility. You have probably heard or read several articles in the media since the financial crisis of 2008 concerning attempts by the SEC to introduce legislation that would change the fiduciary standard for brokers to be in line with registered investment advisors. Registered investment advisors (RIAs) are legally bound to always act in their client's best interest, always putting the client's interest ahead of their own. Currently, brokers are only bound by a "suitability standard". This means they must recommend investments to their clients that are deemed "suitable" for that client but what exactly is the definition of suitable? Investment solutions are not one size fits all but need to be customized to each investor. Mutual funds that hold only large company stocks might be suitable but given the hundreds of funds available in that category, if the broker sells the fund that will pay him/her the highest fee then that investment, while suitable, isn't in the best interest of the client.

Acting as a fiduciary for someone else's assets is a huge responsibility and not to be taken lightly. In effect, a person's future financial security and overall quality of life is at stake. At Passive Capital Management, LLC, we are bound by this fiduciary responsibility for all our clients and we take it very seriously. Before anyone considers handing over their hard earned savings to a professional to invest for them, they should request that individual sign a simply written pledge/oath stating that they will act as a fiduciary and will always act in the client's best interest. In fact, if you are currently paying a broker or "advisor" for investment services you should ask them to do exactly that, sign the pledge. If they will not or cannot, we recommend you find someone who will.

We don't need the SEC or Congress to pass 2,000 pages of legislation, we simply need consumers to have the information they need to make informed decisions.

### **Passive Capital Management LLC's Pledge to All Clients:**

***The investment advisor representatives at Passive Capital Management, LLC will serve as a fiduciary on your behalf and we will always provide advice that we believe to be in your best interest.***

**Signed: Jonathan E. Farber, Scott D. Reinhardt, CFA, Mimi H. Boblitz**