

Press Release

DALBAR Announces June 9 Readiness Test and Online Video Training

The first phase of the DoL Fiduciary Rule takes effect on June 9th, 2017 and financial advisors can check if they are ready with DALBAR's [free online test](http://training.dalbar.com/) (<http://training.dalbar.com/>).

The [test](#) can be completed in less than one minute with online video training available for advisors who need to catch up.

On June 9, thousands of advisors who are now the broker of record for IRAs or ERISA plans become fiduciaries overnight. The new regulations require major changes in sales practices, compensation limits and how rollovers are handled.

As fiduciaries, advisors must immediately adopt a formal process to discover what client's best interests are and make recommendations based only on the client's best interests. While this process may not be entirely new to many advisors, the scope of discovery, required documentation and the use of the process with every client will be a challenge for most advisors.

The Fiduciary Rule prohibits excessive compensation and the advisor has the obligation to test and show that compensation from each client is reasonable. This test applies to both new and existing IRA and ERISA business.

The June 9th effective date also redefines rollover recommendations as fiduciary acts. This change means that a rollover may only be recommended if it is shown to be in the client's best interest. It will be challenging to show best interest when the fees and expenses of the IRA exceeds the costs of being in the plan.

While the DoL has adopted a "no enforcement" policy until the final effective date (currently January 1, 2018 subject to changes and delays), this policy does not prevent clients and their attorneys from taking arbitration or litigation action against non-compliant advisors.

The "no enforcement policy" does come with a catch. Advisors must be "working diligently and in good faith to comply". Taking the test and the online training is an excellent way to show such a good faith effort.

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