Sunrise Advisors is a Fiduciary: \fi-dü-shē-er-ē\ *noun, adj*

One who is legally and ethically bound to act for another's benefit.
In the client/advisor relationship, a fiduciary must place the client's interests first.

It is common sense that your financial professional should have the same incentives and priorities that you do – to ensure that you are successful. However, most investment professionals in the United States are rewarded and compensated not on client success, but on the investment products they sell. This creates inherent conflicts of interest and should call into question their objectivity.

Today, we have a system of law, regulation, and industry practice that allows financial professionals to appear to be advising in a fiduciary capacity when they are not. Most financial firms and professionals are not subject to a fiduciary standard at all times, meaning they are not required to put the client's interests first as long as they meet a lower, "suitability" standard. The financial services industry grew and remains opaque because, freed of fiduciary obligation, organizations and salesmen can make a lot more money while largely avoiding legal responsibility. In most cases, clients are unaware of and are not told the total costs of investing.

There are three basic ways investment professionals are compensated:

- Commission-based – The salesman's compensation is determined by the kind of investment product that you are sold and number of times you buy and sell these products. Often, the incentive of the professional may not fully align with the client. (Non-fiduciary or part-time fiduciary)
- Fee-Based – The salesman/advisor can be compensated by fees AND commissions ('double dipping'). In this case, what you do not see (the loads, commissions, bond spreads, etc.) may be substantial. This may limit investment choices and increase the largest cost of investing – opportunity cost. (Non-fiduciary or part-time fiduciary)
- Fee-Only – The fee-only Registered Investment Advisor (RIA) is compensated only by the client. This is the most transparent, flexible, and client-centric compensation arrangement. (Full-time fiduciary)

INVESTMENT PROFESSIONAL	FIDUCIARY DUTY TO CLIENT: Non-Fiduciary or "Part-Time"	FIDUCIARY DUTY TO CLIENT: "Full-Time" Fiduciary
• Broker-Dealer (Wirehouse & Independent): Regulated by FINRA* – Wells Fargo, Edward Jones, UBS, Merrill Lynch, Morgan Stanley, Raymond James, LPL, Stifel Nicolaus, Ameriprise, insurance companies, and others	X	
• Dually-Registered or "Fee-Based" (B/D & RIA): Regulated by FINRA*/SEC** – Any broker, advisor or planner who receives fees and commissions – Bank employees who offer investment services, including Trust departments – Insurance company employees and agents	X	
• "Fee-Only" RIA: Regulated by SEC** – Sunrise Advisors and other fee-only RIAs		✓

*FINRA (Financial Industry Regulatory Authority): Investments must be "Suitable" (Securities Exchange Act of 1934 and the Maloney Act of 1938)
**SEC (Securities & Exchange Commission): Advice must meet "Fiduciary" standard (Investment Advisers Act of 1940)

In practice, the most conflicted financial professional is the one who can wear two hats (the "dually-registered" or "fee-based" professional who can charge both fees and commissions). Under this scenario, the total costs of investing and potential conflicts of interest do not have to be disclosed to the client. Unfortunately for investors, non-fiduciaries or "part-time" fiduciaries are not always required to act in the client's best interest. The new fiduciary rule by The Department of Labor, released on April 6, 2016, only adds to the existing confusion. For more on the shortcomings of this rule, visit: www.sunriseadvisors.com/fidcuiary-rule.

However, "fee-only" RIAs are fiduciaries 100% of the time and must disclose: ① all ways in which they are compensated, ② their education and experience managing assets, and ③ any potential conflict of interest they may have with the client. These "full-time" fiduciaries have gone a step further to ensure a transparent compensation structure and a platform to provide conflict-free advice. By refusing to accept compensation from anyone except their clients, they can place their objectivity beyond question. In this way, their true fiduciary structure allows for client/advisor interaction that fosters the development of strong, trusting and long-lasting relationships.