



## But They're a Fiduciary...

In the February issue, we addressed the title of "fiduciary" and how someone with that title may be limited in their education, training and experience. In this newsletter we address how limited their actual scope may be and why their being a fiduciary may not mean all that much to you.

The individual working with you on your 401(k) at work might be able to call themselves a fiduciary. But what does that mean? It is possible to obtain what is known as a 3(21) Fiduciary designation. **This allows the advisor to do two and only two things as a fiduciary.** They may have no experience, knowledge, or credentials to advise in any other subject matter. What are they allowed to do and only do?

- 1) Educate 401(k) participants (you) on the plan's investment options.
- 2) Recommend 401(k) investment options to you.

It could be that these options may have nothing to do with your real needs. It is possible you shouldn't even be putting money in a 401(k) plan yet. Perhaps you: 1) do not have an adequate emergency fund or 2) you have not reviewed the ramifications a long-term disability would have on your financial well-being. \$1,000 in a 401(k) isn't going to do you a lick of good if you are not able to work for an extended period of time. The fiduciary for your 401(k) may have no training

or expertise in this area and they certainly do not have a vested interest in helping you see this when their objective is to get you to put money in what they are offering. I know this because I had a 401(k) provider tell me one time that his only objective was to get people to invest in his plan. Yet this person is supposed to be advising you on "what's in your best interest"!

But wait... you are being coached by someone who your employer may have even screened and is proud to announce is a fiduciary. Supposedly, this fiduciary can help you make investment decisions, which are "in your best interest".

Once I was visiting with the HR person at a large local employer who told me they only allow people who are "fiduciaries" to coach their employees with the 401(k) they offer. I had to chuckle inside knowing what I know and what she likely does not.

The fiduciary with your 401(k) may be able to help you make investment decisions inside the 401(k), but that is it. Their recommendations may only focus on this "one box".

With this perspective, I ask you the following questions... Does your employer really have your overall financial best interest in mind? Does the 401(k) provider really have your overall best interest in mind? Does the 3(21) fiduciary really have your overall best interest in mind?

Could it be that the moral of this entire story once again is: If you truly want financial security and well-being, you need to work with someone who has broad education, training, and experience and a bigger view of your whole financial picture.



## Business owners:

Given what you've learned here, perhaps you should think

about meeting with someone who is well versed in a broad spectrum of financial tools, not just 401(k)'s.

Perhaps there is a need for a funded buy-sell in your business which could provide funds for the buyout of a partner at death and at the same time double as a means to fund a retirement buyout. Perhaps you would be better served with a Non-Qualified selective plan that caters to your needs and objectives such as deferred compensation or a "split dollar" arrangement."

Based on individual factors, a different retirement plan, such as a defined benefit plan, may be a better option for you. But how do you know which option is best if the advisor you are working with has a limited scope? The same 401(k) provider I mentioned before also told me he could care less if a defined benefit plan was a better option for a business owner. Why would he say this?



It cost us \$411 billion to distribute checks under the last stimulus plan.

Mark the date:

*Come learn, enjoy good wine, good food, good music and good company!*

Where: Blue Mountain Vineyards  
4480 Hoot Owl Drive, Berthoud

When: Thursday evening  
May 13<sup>th</sup> at 6:00 p.m.

Heavy Hors D' Oeuvres will be served.

Please RSVP by Thursday, May 6th  
Call: (970) 593-0619 or  
email: [info@LongsPeakEducation.net](mailto:info@LongsPeakEducation.net)  
on-line: <https://may13.eventbrite.com>

*This is a no-pressure educational and social event.  
There will be no particularized offers, solicitations  
or recommendations for professional services.*

Independent professionals Maria,  
Thomas and Dan will speak briefly  
on the topics of risk management,  
estate planning and financial education

Wine-Tasting & Food-Pairing  
Presentation

Entertainment by Concert Pianist  
Maria Kurchevskaya

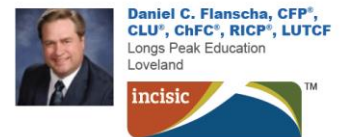
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*Come relax for an evening!  
The atmosphere will be casual.*

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Incise Insight Newsletter



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