

Fiduciary Briefing

February 2017 Edition

Fiduciary Rule Update.

On Friday, Feb. 3, President Trump [issued a memorandum](#) directing the Department of Labor (DOL) to conduct an assessment of its fiduciary rule and the rule's impact, then if appropriate, issue a proposal to revise the rulemaking that would change or rescind the current regulation. The memorandum did not specify a delay in rule implementation. Acting Labor Secretary Ed Hugler said in a statement shortly after the announcement that the DOL is considering its legal options in determining how to comply with the President's memorandum.

At this time, we are continuing to move forward with our work where it supports members' interests and makes good business sense, and will continue to monitor the ongoing legislative and regulatory activity. We will keep you informed of our progress.

This remains a very fluid situation. We appreciate and thank you for your commitment to working with us during this process. I ask you to continue to look to CUNA Brokerage Services, Inc. (CBSI) for accurate information as news develops or any take-action items requested. Our focus has been and will continue to be providing you with a clear path and support to thrive in any environment, and continuing to make financial services accessible to all members.

If you have any questions or concerns, please contact us at DOLquestions@cunamutual.com.

Changes to President's Council Requirements.

President's Council is one of the recognition programs that offers CUNA Mutual Group an opportunity to honor our top producing sales team members, including CBSI advisors, for their individual success and contributions to the success of the organization overall.

Our interpretation of the DOL fiduciary rule requirements for tax-qualified accounts is that President's Council is compensation, and the fiduciary rule requires potential compensation conflicts of interest not only be disclosed but mitigated. In this case, mitigation would mean cancelling the program.

Rather than cancel, we are modifying the program requirements:

- President's Council qualifications will be based on non-qualified (non-IRA) product sales.
 - Tax-qualified product incentives will not be counted toward qualified production.
 - The annuity sales bonus portion will be eliminated.
- CBSI will continue to qualify Managed, Dual and Independent advisors annually based on production.

CBSI's commitment to supporting and recognizing our outstanding sales team performers remains as strong as ever. These adjustments will allow us to keep the program an active part of our recognition efforts, while also remaining in fiduciary rule compliance. We thank you for your hard work and dedication.

DOL and Training.

CBSI is busy developing the training that advisors will need to adapt themselves and their business practices for fiduciary rule compliance. Training will be delivered in three ways: eLearning, webinars and face-to-face, covering subject areas such as:

- DOL Rule: Overview and details
- CBSI and its implementation of the rule
- Sales process

The upcoming [National Sales Meeting](#), set for March 6-8 in Atlanta, GA, will feature a variety of face-to-face training, including sessions on the fiduciary rule, the sales process and best practices. There will also be sessions on the value of financial planning, as well as connecting clients' needs and product recommendations identified through a financial analysis.

More information on CBSI training opportunities will be shared with advisors and programs in the coming weeks.

Latest DOL FAQs: Little Impact on CBSI.

The DOL released two sets of fiduciary rule FAQs on Jan. 13. One set of FAQs is directed to [consumers](#), unlike the first set of FAQs released in October 2016, which was aimed at compliance questions for the investment industry. The second set is aimed at [advisors](#) and is similar in nature to the content included in the October 2016 FAQ.

After review, we don't believe there is any information in either FAQ that has a significant impact on our compliance preparations or plans. In the consumer FAQ, the DOL provided consumers/investors with a series of questions they "should ask their financial advisor." CBSI is developing suggested responses that advisors can use to help answer these questions.

In addition, CBSI has other resources available to help you with consumer questions, including:

- [Three short videos](#) covering DOL topics (Rule Overview, Practice Tips and Communicating with Clients) for your review, as well as to share with program staff and credit union staff as appropriate.
- [Talking points](#) for advisors and credit union staff to use in guiding conversations with members about the fiduciary rule.
- A [marketing piece](#) for advisors to share with clients regarding the fiduciary rule is available for on-demand printing. To order, from Advisor Workspace, open [MarketingPort](#) and select "Catalogs" from the homepage navigation bar, then "CBSI Program Awareness Materials," then "DOL Materials."

We will continue our review and share any specific insights or changes that may be required.

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CBSI-1687223.1-0117-0219