Advocacy Spotlight: Association Health Plans

FSI’s financial advisor members are, first and foremost, entrepreneurs who operate independent businesses that play a vital role in their communities. They face the same cost pressures other business owners face, just as they share the same drive to do the right thing for their clients and employees.

With that in mind, FSI is committed to bolstering independent advisors’ ability to operate healthy, thriving businesses while improving quality of life for them and their employees by establishing an

Expanding Field of Behavioral Science Provides Key Insights for Advisors

With the role of the independent advisor continuing to evolve toward functioning as a financial ‘life coach’ for clients, behavioral financial training and insights are becoming more crucial every day across our profession—and FSI is proud to play a vital part in helping to advance our industry’s understanding of this important discipline.

At our recent FSI Forum event, Mariel Beasley of Duke University’s Center for Advanced Hindsight provided a compelling and eye-opening look at how advisors can more effectively employ behavioral finance techniques to embrace their role as ‘choice architects’ for clients—and in the process, help clients not only make better portfolio management decisions, but healthier financial choices in their lives overall.

Why Clients Struggle With Financial Decisions—It’s Not Just Them

In order for advisors to effectively guide clients toward better financial outcomes, Beasley explained during her presentation, it’s important to understand that all of us have built-in cognitive

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Association Health Plan (AHP) for our members. We have also joined the fight to advance policies that can help us offer this vital option on a cost-effective basis.

FSI believes that the Affordable Care Act (ACA), while well intentioned, has led to unnecessary and burdensome costs that have hindered far too many small and midsize independent financial advisory firms. In our view, offering an AHP to our members presents an innovative, value-added solution to this challenge.

As part of this effort, FSI joined the Coalition to Protect and Promote Association Health Plans and the steering committee of the American Society of Association Executives (ASAE) in September and July of this year, respectively.

“As with so many issues that depend on legal action, the outcome of our plan to provide this service to our members relies on court decisions and elected officials,” said Chris Paulitz, FSI’s Senior Vice President of Membership and Marketing.

“Meanwhile, we are working tirelessly to educate all relevant parties, and advocate for the ability to provide our members with cost-effective health plans.”

Association Health Plans

Association Health Plans are group health plans that would allow businesses—including sole proprietorships—linked by sector, geography or a common organization to band together and obtain health coverage for themselves and their employees as though they were one larger employer.

An executive order issued by President Trump on Oct. 12, 2017 expanded access to AHPs for small businesses across the country. In June of this year, the Department of Labor (DOL) issued a rule allowing AHPs to serve employers, sole proprietors and their families in a city, county, state, multi-state metropolitan area, or across a specific industry nationwide.

On July 26, however, eleven states and the District of Columbia filed a lawsuit against the DOL and the federal government to prevent AHPs from gaining exemptions to ACA mandates. Two more states have since joined the suit.

Gathering Allies

The Coalition to Protect and Promote Association Health Plans and the American Society of Association Executives are two groups with which FSI has found a common cause.

The Coalition was created specifically to ensure that small and midsize businesses from a wide swath of industries can provide solid health insurance at good rates to their employees and owners. The ASAE, which is akin to an association of associations spanning numerous industries, invited FSI to join its steering committee in light of our previously publicized efforts to launch an AHP for our members.

Such broad-based support for AHPs strengthens FSI’s chances of securing better health plans for our members. Working in conjunction with these two groups will enable us to make a much stronger case to policymakers that allowing small and midsize businesses to obtain more cost-effective health plans will reduce the pressure on those firms to raise prices or limit services for their end clients.

The Path Forward

Chris Roberts, President of Disability Specialists Inc. (DSI), sits on the ASAE steering committee on behalf of FSI along with Chris Paulitz. Roberts is working through our CoveredAdvisor program, which already offers life and disability insurance to our members, in hopes of eventually adding the health plans of a major national carrier.

If AHPs are offered within the next year or so, DSI envisions serving as the insurance broker and plan administrator, as well as handling initial outbound and inbound communications on the health plans to explain the offering to FSI members. These plans would vary in cost and coverage, so members could choose the options that work best for them.

“Much work remains to be done before FSI members can enjoy the benefits of AHPs, but we believe in finding a way forward,” Roberts said. “For instance, the ASAE is speaking with the National Association of Insurance Commissioners (NAIC), state level commissioners and the DOL to dispel misunderstandings about AHPs and show how AHPs can improve conditions for policyholders. If we can make this happen, it will be a real game changer for FSI members.”
CHAIR AND VICE CHAIR PERSPECTIVES

Between our successful lawsuit against the Department of Labor (DOL) regarding its fiduciary rule, our role in influencing the shape of the SEC’s new Regulation Best Interest (Reg BI) proposal and our ongoing dialogue with FINRA to help our industry’s principal regulator function more effectively, FSI and its members have accomplished momentous things in 2018.

These achievements are, of course, an enormous credit to the indispensable engagement of our members and the support and guidance provided by our Board.

In addition to those key factors, FSI was fortunate this year to draw on the crucial contributions of two ‘secret weapons’ in advancing our industry’s priorities: our 2018 Board Chair, Harman Wealth Management Founder Dean Harman, and our Vice Chair, 1st Global President David Knoch.

Providing a View from the Front Lines

Harman’s perspective as the second financial advisor to ever serve as FSI Board Chair proved particularly invaluable this year. As one example, during our extensive conversations with SEC Chairman Jay Clayton and his team to provide input and direction on that organization’s proposed uniform best interest standard, Reg BI, Harman was able to provide first-hand input on how to structure disclosure documents in order to maximize their effectiveness for investors.

“It’s somewhat rare for regulators at the SEC and elsewhere to have a chance to speak face-to-face with advisors about regulatory proposals and how to structure them, especially during the developmental stage” says Harman.

“"One of the most important parts of the Board Chair’s role is to work with Dale and the entire FSI team to understand where FSI needs to be five or ten years from now, and do whatever you can to help it get there.”

Dean Harman
2018 Board Chair
Harman Wealth Management Founder

“It will be important for us to look at where the world is going, and start to think about how we can incorporate other service models into our understanding of our policy positions.”

David Knoch
Vice Chair
1st Global President

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hurdles and tendencies that often lead to poor financial choices or procrastination.

First, people struggle to conceptualize the trade-offs across time frames and asset categories that are inherent in financial choices. For example, we can easily draw comparisons between buying one car or another, but we find it difficult to think through the choice between spending $35,000 on a car today versus investing that money to provide a potential source of income in retirement.

Another key factor is that humans are inherently social beings, relying on cues from those around us to tell us what we should do. Unfortunately, most of what we see is consumption behavior: People love to post vacation and restaurant pictures on Instagram, but you'll never see a friend post a photo of their new insurance policy or how much money they just moved into savings.

The result is that our spending is disproportionately driven by others' consumption, rather than by careful consideration of our own long-term needs. As Beasley noted, “There's a very sad study from the Federal Reserve Bank of Philadelphia that shows that, if your neighbor wins the lottery, you are more likely to have to file for bankruptcy because of our natural tendency to want to ‘keep up.’”

**Becoming a ‘Choice Architect’ by Setting the Context for Financial Decisions**

How can advisors overcome these challenges? Ironically, throwing information or education at the problem doesn’t work. “The best way to get someone to not do anything,” Beasley said, “is to tell them, ‘This is a really important decision—here are a bunch of books to help you learn more about it, get back to me when you’ve reached a conclusion.’”

One of the key insights behavioral science teaches us is that people’s environments shape their choices far more than information alone. Fortunately, advisors have much more power to shape a client’s environment—or the context in which the client makes financial decisions—than they may realize.

One highly effective tool, said Beasley, is creating ‘anchor points’—quantitative starting points for clients to react to—in guiding them through key choices about money. Left to pick a number on their own, for example, clients might decide that saving 5% of their income is sufficient for retirement planning, whereas an advisor can subtly direct them toward a higher number by suggesting a 10% savings rate at the beginning of the conversation.

Similarly, Beasley explained that too much choice can actually be paralyzing for clients. She urged advisors to ‘make the right path the easy path’ by exploring opportunities to use default choices—options that will take effect if the client simply does nothing—to overcome people’s natural inclination to procrastinate (within the bounds of their client agreements and regulatory requirements, of course).

Another way advisors can act as ‘choice architects’ is by setting the perspective for important questions. During estate planning discussions, for example, asking a client, “Would you like to donate 10% of your assets to charity?” feels much different than asking them, “Would you like to give 90% of your assets to your kids?” The second approach is much more likely to encourage higher levels of charitable giving, with all the tax benefits it entails.

Further, Beasley suggested that advisors can use people’s tendency to base their decisions on social cues by citing examples of the positive outcomes other clients have achieved by pursuing certain planning approaches or making certain decisions (on a no-names basis, of course).

**Expanding Advisors’ Access to Critical Thought Leadership**

As attendees at our FSI Forum learned, the benefits of behavioral finance techniques in guiding clients toward healthier financial decisions and demonstrating the importance of independent advisors’ evolving role as financial ‘life coaches’ are enormous. The applications for these insights stretch far beyond portfolio management decisions, potentially touching on every aspect of how clients process financial decisions and pursue their goals.

In our role as a thought leader for our industry, FSI is pleased to provide our members with access to the latest thinking on this and other critical topics for the benefit of their businesses and their clients.
Phoenix, Arizona
June 12–14, 2019

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“They were very engaged and very open to receiving first-person input, especially on the disclosure issue. They wanted to know, ‘Do clients read disclosures? What works? What doesn’t work? How can we strike the right balance?’ I was very happy to be able to provide that perspective,” he says.

As a member of our Board since 2011, Harman has been deeply engaged in FSI’s advocacy mission for years, even testifying before Congress in 2015 about the threat the DOL fiduciary rule posed to Main Street American investors.

As Board Chair, however, he was happy to step his engagement up to whole new level. “It’s one thing to understand intellectually what the Chair does, but once you are actually in that seat, it’s a whole different role,” he says. “Between January and June, I think I made 9 trips to D.C.!”

Looking Around Corners to Provide Strategic Input

Summing up his past year of service, Harman says, “One of the most important parts of the Board Chair’s role is to work with Dale and the entire FSI team to understand where FSI needs to be five or ten years from now, and do whatever you can to help it get there.”

“I hope that over the past year, I’ve brought some of that ‘boots on the ground’ perspective to help FSI look around corners and see what’s on the horizon for the industry,” he says.

Knoch, who will serve as Chair in 2019, is focused firmly on the future, as well.

“I think we’re going to have a great opportunity as an industry in the year ahead to look for points of common interest to make sure that we continue to effectively serve consumers without limiting their ability or power to choose who their advisor is and how they serve the client,” he says.

“It will be important for us to look at where the world is going, and start to think about how we can incorporate other service models into our understanding of our policy positions.”

Advisor Engagement is the Key

Both Harman and Knoch identified increasing advisor engagement in FSI’s advocacy mission as one of their major areas of focus, both in 2018 and in the years ahead.

Says Harman, “One of the big things we worked on internally at FSI this year was to define the purpose of our Advisor Council a little more clearly. Working with FSI’s Vice President of Corporate Relations, Kevin Whitehead, we made the Council more purposeful in its ability to convey its advisor-specific perspective and other information to the Board. I think that will help contribute to greater advisor engagement overall going forward.”

Knoch looks forward to helping more advisors build direct connections with lawmakers in 2019, and to helping them take a greater personal role in impacting regulation.

“We continue to have a huge opportunity to have advisors’ voices more substantially included in the regulatory and legislative conversation,” he says. “So, should we make it a goal to have twice as many advisors attending Capitol Hill Day? Absolutely. Should we work to establish a larger pool of advisors who are regularly meeting with their members of Congress or are available to meet with regulators? Absolutely.”

In Knoch’s view, one of the key benefits of increased advisor engagement will be greater recognition of the tremendous value that advisors provide to clients and communities across the country.

“I’m hoping that 2019 will be a year when those financial advisors in the world who are trying to do the right things for their clients are held up and elevated in the public sphere in the way that they should be,” Knoch says.

“FSI members are doing amazing work and I think it’s time for the world to know how powerful they are in creating better outcomes for American families.”

“I think it’s time for the world to know how powerful [FSI members] are in creating better outcomes for American families.”

—David Knoch
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STATE ADVOCACY OVERVIEW

National legislative and policy debates tend to attract the lion’s share of headlines. That’s certainly true for the issues that affect our industry, with the Department of Labor’s effort to implement its misguided and onerous fiduciary rule capturing a large percentage of the media and advisors’ attention for nearly a decade before its defeat earlier this year.

As our members know, however, local and state issues can have an equally profound impact, both on Main Street investor access to advice and on the way in which independent financial advisors run their businesses. The increasing tendency in recent years for state legislatures and regulatory agencies around the country to pursue aggressive policies with potentially profound impacts for the independent financial services industry has further underscored that fact.

Part of the reason this has happened is due to the intense—and very often toxic—political environment in Washington, D.C., according to Michelle Carroll Foster, FSI’s Vice President for State Affairs.

“With partisanship growing, we’ve seen a lot of political sniping and bickering in Congress, which has produced mostly gridlock,” she says. “As a result, some states feel like it falls on them to fill the policy void.”

FSI has been keenly aware over the last several years that this dynamic could develop and worsen, which contributed to our strategic decision in 2014 to devote more resources to our State Affairs team. Thanks to that move, we now have established constructive relationships with a range of lawmakers in key states across the country, as well as with decision-makers at important regulatory agencies, including the North American Securities Administrators Association (NASAA).

All of these developments have paid off for our members, Foster says, because the results of the recent midterm elections will likely prompt even more activity at the state level.

As our members know, Democrats made gains in a number of states in the midterms, picking up four governorships and a handful of legislative chambers and increasing the chances that we could see more bills and policy proposals that, if implemented, would have a meaningful impact on our industry.
Our team is keeping a particularly close eye on seven states where the political dynamics make it likely that we could see more legislative and regulatory activity than usual going forward: California, Connecticut, Illinois, Maryland, Nevada, New Jersey and New York.

Following is an overview of some of the state issues we'll be monitoring in the coming year and beyond:

**State Fiduciary Rules**

One of FSI's top concerns in 2019 is states seeking to implement their own fiduciary rules. New Jersey introduced a pre-proposal earlier this year signaling its intention to act on this front, while Nevada is finalizing a fiduciary measure of its own. Other states will likely follow their lead in the coming months.

In New Jersey, FSI recently submitted a comment letter on the issue, and Foster testified in front of the state’s Bureau of Securities in November. During her appearance, she reiterated FSI's longstanding support for a uniform standard of care. She also communicated our belief, however, that this would be best promulgated at the federal level and provided a reminder that were New Jersey to act on its own, it would produce a redundant set of rules (since FINRA and the federal government already provide robust investor protections) and limit investor access to advice.

Early in 2019, New Jersey will almost certainly introduce a more formal proposal, shedding more light on its intentions and how the rule would be implemented. At that point, FSI will continue our pattern of actively and constructively engaging key legislators and trying to inform the process as early on as possible.

**State-Run Retirement Plans**

Though state- and municipal-run retirement plans pose unfair competitive hurdles to thousands of advisors who already capably serve millions of investors nationwide, there were a collection of states this year that enacted legislation paving the way for such plans to become a reality. A lawsuit challenging portions of Oregon's state-run retirement plan could cause others to think twice about going down the same path. Despite this, it is possible that we could see a renewed effort from various states in this area in the year ahead, as the shifting political landscape in many of the seven states mentioned above could be conducive for the sponsors of state-run retirement plan bills to reintroduce these measures or launch new proposals.

**Independent Contractor Rules**

States continue to move to upend longstanding independent contractor rules. Perhaps the most glaring example of this was earlier this year, when the California State Supreme Court made it more difficult for businesses to classify workers there as independent contractors.

While the court was, in part, motivated by a desire to protect workers who have been re-classified as part of cost-savings maneuvers by employers, the unintended consequence of its ruling impacts independent financial advisors in the state—whose independent contractor status is core to their business.

In response, FSI has joined the I’m Independent Coalition, a group encompassing a diverse range of industries who have banded together to encourage the state to modernize its laws so that professionals who want to work independently can do so.

In all these instances, FSI will continue to monitor developments closely and, when necessary, engage lawmakers, decision makers and financial advisors in constructive dialogue to educate them about our industry and its views. By maintaining productive relationships, informing the process early and making our collective voice heard, we will continue to give ourselves the best chance to protect investors, win outcomes that benefit our members and produce the best possible business environment for the entire industry.
LETTER TO MEMBERS

When speaking with advisors and others across the country to help them get engaged in our mission of advocacy on behalf of the independent financial services industry, we often hear the refrain—sometimes voiced in doubtful tones—“Is it really possible for me to make a difference?”

At the close of a watershed year for FSI, our members and our industry, I am pleased to say that our results in 2018 answered this question with a resounding ‘Yes.’

Think back to where we stood as an industry in June of 2017.

Despite overwhelming evidence that the Department of Labor (DOL) fiduciary rule would impose untenable burdens on advisors and do vastly more harm than good for Main Street American investors, the first components of that rule had gone into effect.

Firms and advisors across our industry were doing their best to adapt, implementing new systems and parsing the rule to understand how it would impact their businesses. Although further implementation of the rule was eventually delayed, uncertainty persisted and it was still possible that the worst was yet to come.

In spite of all this, our team, our Board, and—most importantly—our members never gave up.

As we know now, the powerful arguments we made against the DOL rule in conjunction with our partners in the lawsuit we brought against the Department won the day in March of this year. That’s when a three-judge panel of the Fifth Circuit Court of Appeals in New Orleans sided with our views and overturned the rule.

It was truly a landmark victory for our industry and our members. And the regulatory developments that followed after that momentous decision have been just as important.

The SEC, under Chairman Jay Clayton and with extensive input from FSI, has become energized in seeking to establish a uniform standard of care that will apply to all advisors and protect all of the clients they serve.

“Did all of us, including every one of our members, really make a difference this year? The answer is an unmistakable “Yes!””

FINRA, under the leadership of CEO Robert Cook, has made tremendous progress toward improving its own efficiency, retroactively reviewing its own rules and acting in concert with—rather than in opposition to—our industry to protect investors and the integrity of the capital markets. In this effort, as well, our consistent and ongoing dialogue with FINRA and its leaders has played a crucial role.

“The steadfast support of our members will be the critical factor that determines our success.”
In light of these results, then, it’s worth revisiting the question above, from a slightly different perspective: Did all of us, including every one of our members, really make a difference this year? Again, the answer is an unmistakable ‘Yes’—with many of our members responding to our Calls to Action, writing comment letters and meeting with their elected officials and regulators.

Much more work remains ahead of us. As you’ll read in this issue, legislators and regulators in numerous states across the country are seeking to replace the DOL fiduciary rule with specific measures in their own states. Such well-intentioned but misguided efforts could create a confusing and counterproductive patchwork of fiduciary requirements that would ultimately set investors and advisors back significantly.

In addition, while we are working to ensure the SEC’s proposed uniform standard of care, Reg BI, becomes reality, it is not without opposition. While we believe that some minor ‘tweaks’ would make the existing proposal more effective, FSI supports the SEC’s measure and intends to advocate forcefully in favor of its implementation.

In all of these efforts, the steadfast support of our members will be the critical factor that determines our success.

As always, my team and I are sincerely grateful for your continued trust and engagement. Working together, we look forward to making a difference for our members and our industry again in 2019.

Dale E. Brown
President and CEO
Financial Services Institute
GRASSROOTS CHAMPION: HANNAH BUSCHBOM OF THE W SOURCE

In the process of working to expand her referral network, Hannah Buschbom, a Santa Barbara-based advisor for AmeriFlex Financial Services, began to wonder why there was no simple and straightforward way for like-minded professional women to find each other and collaborate.

She discussed the benefits such a platform might offer with her colleague and mentor, advisor Thomas Goodson, the Las Vegas-based founder and CEO of AmeriFlex. After an extensive series of brainstorming sessions, they decided to create The W Source to fill that void. Buschbom and Goodson are also FSI members.

The W Source serves two primary functions: It establishes chapters of referral networks for women covering specific geographic territories across the country, where members can share best practices for landing new business in addition to sharing contacts. It also allows customers in the general public to find female financial professionals and service providers through an online search tool.

Intentional Networking

“Networking has been known to have a negative connotation and be extremely intimidating for many people,” Buschbom said. “We believe in intentional networking that helps women focus on useful activities to excel in their professions, and stop engaging in those less useful activities like buying tickets to a boring ball, making small talk with strangers, and eating rubber chicken.”

Each W Source chapter is led by a female financial advisor, who is the only such practitioner in the group. The rest of the members can include multiple attorneys, accountants, insurance specialists, trust officers, real estate brokers and other professionals. Membership is free for each financial advisor chapter head that The W Source selects, while the other professionals each pay $999 per year for the service.

What started two years ago with Hannah as the first chapter head has since expanded into 35 chapters
nationwide with 165 active members. The W Source has established working relationships with 15 broker-dealers and has plans to continue to expand substantially in the next few years.

“The goal is for each chapter to have 20 to 25 members, and to eventually establish 450 chapters spread across every state in the country,” Goodson said. “Expanding will allow us to provide more and better services to our members.”

**Advancing Women**

Thomas Goodson recently was a featured presenter at the Advancing Women in Leadership Workshop just prior to the FSI Forum in September. He discussed networking strategies that women advisors can use to deepen their relationships with centers of influence.

According to The W Source, some of the best approaches include differentiating the advisor’s service offering from competitors; figuring out which COIs the wealthiest clients in a given geographic area seek for guidance; and reviewing official documents such as IRS forms, insurance policies, and wills and trusts to see which attorneys, accountants and insurance agents are working with these clients.

Goodson and Buschbom recounted how The W Source has garnered praise from women who have become chapter members.

One member thanked Buschbom for helping her craft an elevator pitch that led the transformation of her generalist practice into one specializing in transitions such as divorce, inheritance, business sales and retirement. Another member thanked Goodson for helping her increase efficiency in order to do more with less in an environment of fee and regulatory pressures.

“One of the most rewarding outcomes we often see is that our members learn ways to use their time better,” Buschbom said. “They find more time to be with family, or go on vacation, or focus on their clients. The only thing more rewarding than that is women who tell us about getting new referrals and growing their businesses.”

**Industry Accord**

Buschbom notes that although broker-dealers are fiercely competitive about amassing assets under management and recruiting top advisors, firms have reached widespread agreement on the importance of maintaining an industry-wide push to improve opportunities for female advisors. To that end, she and Goodson have collaborated with brokerages, custodians and financial publications to speak on the issue at their conferences and workshops.

One of the most crucial factors in the success of that push is reflected in Goodson’s role at The W Source. A central tenet of the company’s approach is that men in the financial advice space should serve as advocates and allies for women advisors by tapping their professional networks on behalf of women who are seeking to establish themselves in the industry, as well as by considering qualified female professionals for senior leadership positions at firms.

“Men are not bystanders in this process,” Goodson said. “We must be active participants alongside women advisors.”
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Donna Bristow
Wealth Management
ONEVOICE PREVIEW

For FSI and our members, 2018 will be remembered as the year the Department of Labor's effort to impose an unworkable fiduciary standard upon our industry finally fell by the wayside—thanks in large part to our members' consistent support and the successful lawsuit we helped initiate to overturn the rule. It's crucial to remember, however, that many important advocacy initiatives still lie ahead of us.

Among these are the fight to ensure that similarly misguided fiduciary proposals do not take root at the state level; ensuring that the SEC's proposed best interest standard of care (Reg BI) not only puts clients first, but enables them to receive the advice they need to achieve their financial goals, provided by a thriving financial services industry; and continuing our ongoing pattern of actively engaging regulators and lawmakers at every level about the issues that matter to our members—a strategy that has paid significant dividends over the course of FSI's history.

With these tasks in mind, we are excited to gather together with our members at the New Orleans Marriott from January 28-30 for FSI OneVoice 2019, unquestionably the independent industry's foremost gathering of broker-dealer CEOs and executives. The event will open with the Advancing Women in Leadership Luncheon, a special pre-conference workshop that will include prominent female executives sharing their experiences, discussing professional development and other issues that are important to advancing the careers of women in financial services.

From there, OneVoice 2019 will officially kick off with the opening general session, headlined by award-winning host, filmmaker and entrepreneur Jay Shetty, who will discuss how in today's fast-paced and constantly-evolving world, we can not only continue to learn new things, but learn them faster—and even unlearn them if necessary. Mr. Shetty will provide insightful examples from organizations and people that make this process look effortless.

The conference’s second day will be punctuated by an all-woman Firm Leadership Panel comprised of Valerie G. Brown, Executive Chairman of the Board of Advisor Group; Jodi Perry, President of Raymond James Financial Services, Inc.; Evamarie Schoenborn, President of Northwestern Mutual Investment Services; and Mimi Bock, President of Cetera Advisors and First Allied Securities.

During the closing general session on day two, attendees will hear from Ben Casnocha—who was named one of America’s top young entrepreneurs by BusinessWeek—discussing how leaders can effectively manage talent in the ‘Networked Age.’

As always, OneVoice 2019 will also feature dedicated discussion tracks to better help attendees get the most out of their experience. These tracks will give member firm executives the opportunity to discuss important topics in an intimate setting with recognized subject matter experts and will include the following: CEO; Compliance; Due Diligence; Investment Advisory Services; Marketing, Growth and Development; Operations and Technology; and Supervision tracks.

Of course, there will also be numerous opportunities for attendees to connect with their peers, network and share best practices. We look forward to seeing everyone next month in New Orleans.

For more information and to sign up to attend, visit: www.financialservices.org/onevoice.
HOW FSI PLANS TO CONTINUE TO EFFECT CHANGE IN 2019

With the Department of Labor (DOL) fiduciary rule overturned and the SEC’s effort to advance a more workable common standard of care for all advisors well under way, the regulatory outlook for our industry is much more positive than it was several years—or even twelve months—ago.

As our members know, however, FSI is not only focused on fighting today’s advocacy battles on behalf of independent firms and advisors, but on helping them continue to adapt to the forces of change that are a constant part of our industry.

As we discussed at our recent FSI Forum event, no one knows exactly what lies ahead for independent firms and advisors in 2019. However, in a general session interview between FSI President and CEO Dale Brown and FINRA’s new Executive Vice President for Member Supervision, Bari Havlik, and in a separate panel discussion featuring members of the FSI Advocacy team, we outlined some of the steps we are taking to leverage our experience in educating lawmakers and regulators and our strong reputation for constructive dialogue to influence the direction of upcoming change in the following critical areas:

1. The SEC’s Reg Best Interest Proposal. FSI is committed to working just as hard to help the SEC advance a thoughtful and productive common standard of care as we did to oppose the DOL’s unworkable fiduciary rule. We have been very pleased to see that Chairman Clayton has made the SEC’s Reg BI proposal a central part of his agenda.

   FSI has authored dozens of comment letters in recent years addressing this issue. Despite this, we are not assuming that Chairman Clayton and his team are familiar with our position. We are taking every opportunity to speak with leaders throughout the SEC to make sure they understand the unique perspectives and concerns of independent firms and advisors.

   We are highly supportive of the SEC’s efforts on this front so far, and we will continue to work closely with them to help advance the best rule possible.

2. Ongoing work to maintain members’ strong supervision efforts. Ms. Havlik noted during the general session interview that she has been conducting her own listening tour with FINRA members, similar to the effort CEO Robert Cook undertook when he started. She has received extensive input on strengthening coordination between FINRA’s multiple exam programs; ensuring consistency in interpretations of rules and findings; and reducing the time required to conduct exams, among other areas.

   As part of our ongoing dialogue with FINRA, FSI stands ready to work with leaders throughout the organization to identify constructive ways to make progress toward these goals. As Ms. Havlik pointed out, FINRA has made a concerted effort to better educate its examiners on the nuances of the independent advisory business model—an effort we and our members greatly appreciate and hope to become more involved in.

   As FINRA continues to work on these goals and others—such as utilizing technology to better leverage the information they already collect...
throughout the year—FSI looks forward to continuing to work with the organization to drive productive solutions.

3. Educating incoming legislators. With the November elections behind us, we now have a better sense of the new shape of the political landscape in 2019. FSI is proud to maintain very strong relationships with legislators on both sides of the aisle, and we are confident in our ability to continue to advance our members’ interests in both houses of Congress in the year ahead.

We are also looking forward to welcoming the large numbers of first-term legislators that will be arriving in Washington, D.C. in January. As we know from experience, many freshmen lawmakers come to the Capitol without a strong understanding of the independent financial services industry, but with a willingness to learn and a desire to form relationships that can help them drive positive legislation.

We will take every opportunity to educate these new congressional members on the business models and priorities of independent advisors in the year ahead, in order to provide them with the benefit of our experience and relationships as they seek to accomplish key goals for their constituents.

4. Influencing legislation and regulation in the states. We also continue to focus on the rapid legislative and regulatory changes that can occur at the state level. Several state legislatures are exploring options for extending fiduciary protections to investors. For example, at the urging of the Governor, the New Jersey Bureau of Securities recently released a pre-proposal that would create a fiduciary standard in that state, and we are still waiting on the final fiduciary proposal from the Nevada Secretary of State, Securities Division.

While we share the goal of ensuring that all investors receive advice that is in their best interest, state-specific standards would lead to a confusing and counter-productive patchwork of varying requirements across the country.

FSI will continue to leverage the substantial resources we have invested toward developing relationships with state regulators and lawmakers to find better solutions to important challenges such as these in the year ahead.

The only safe prediction for 2019 is that change will continue to be a constant factor in our industry. By building on our reputation for productive dialogue and our commitment to educating lawmakers and regulators on the crucial role independent advisors play in their clients’ lives, however, FSI is working to anticipate and influence the direction of this change in positive ways on our members’ behalf.
OVERVIEW OF FSI PARTNERSHIP WITH RISKALYZE

The primary mission of FSI will always be to advocate in favor of legislation, rules and regulations at the federal and state levels that allow independent advisors and firms to operate their businesses as effectively as possible and improve the financial lives of Main Street American investors.

Part of that mission is making sure that our members have access to the best tools and resources for their businesses as effectively as possible and improve the financial lives of Main Street American investors.

Within the portfolio analysis category, our partnership with Riskalyze is especially appealing for financial advisors who value an automated and integrated approach to determining acceptable risk levels for their clients. Through CoveredAdvisor, members can enjoy tiered pricing discounts that apply to solo users or to teams of two to three users, four to seven users, or eight users and up.

“We are pleased to offer 10% off both Pro and Premier versions of Riskalyze for advisors at FSI member organizations,” said Matt Fritsch, Director of Marketing Channels for Riskalyze. “With an improved client-facing experience and better ways to search for and import new clients, Riskalyze feels brand new, but with the familiarity and intuitiveness the platform has always had.”

FSI members can email sales@riskalyze.com to book a demo and see all of the new features and product enhancements announced at the Riskalyze Fearless Investing Summit in October. These features and enhancements, which can help users win new prospects and retain existing clients, include:

• **Riskalyze GPA:** An easy-to-understand new metric that shows the efficiency of return per unit of risk for a fund, account, portfolio or model. Advisors can use GPA to show that some investments do a better job than others of rewarding risk.

• **Timeline events:** An upgrade for Premier users that allows advisors to add events such as a new home or a child entering college. These events appear immediately in the Retirement Map calculation and can integrate with other financial planning tools.

• **Multiple opinions for Risk Numbers:** This feature enables advisors to gather and factor in input from a client’s spouse, investment committee members or others. It also allows advisors to determine risk tolerance for segmented buckets of client assets, then reconcile the opinions into a single risk target.

• **The Riskalyze mobile app:** Acts as a smartphone-based remote control, freeing advisors to make crucial portfolio or account decisions while out of the office. Users can follow up with new leads, access client data, approve Autopilot trades and more.

“Financial advisors have an abundance of choices for portfolio analysis software,” said Riskalyze CEO Aaron Klein, who will attend FSI’s OneVoice conference in January. “Based on feedback from our users, which include FSI members, we genuinely believe Riskalyze is the best and most user-friendly tool on the market for addressing risk quantitatively—which is in the best interest of clients—instead of relying on subjective semantics.”