



## Press Release

### **J.D. Power and Associates Reports:**

### **Despite Efforts to Legislate Greater Accountability from Financial Advisors, Consumer Understanding of The Differences between Fiduciary and Suitability Standards is Low**

#### RBC Wealth Management Ranks Highest in Full Service Investor Satisfaction

**WESTLAKE VILLAGE, Calif.: 16 June 2011** — While recent legislation has sparked debate about suitability vs. fiduciary standards, a majority of full service investors do not understand the difference between the two, according to the J.D. Power and Associates 2011 U.S. Full Service Investor Satisfaction Study<sup>SM</sup> released today.

The study finds that 85 percent of full service investors either have not heard of or do not understand the difference between a suitability standard (where advisors are required to make investments they deem suitable for their clients) and a fiduciary standard (where advisors are required to act in the best interests of their clients and disclose all conflicts of interest). Among those full service investors who are currently in a fiduciary relationship, 57 percent state that this increases their comfort level with their advisor, while 42 percent state that it decreases their comfort level.

“While higher levels of satisfaction are generally associated with clients in fiduciary relationships, legislating all advisors to this standard carries an unintended consequence of additional compliance oversight, which could translate into significantly higher costs—likely to ultimately be passed back to investors,” said David Lo, director of investment services at J.D. Power and Associates. “Placing more focus on key best practices in client management empowers advisors with more actionable direction and achieves satisfaction levels on par with satisfaction among investors in a fiduciary relationship—844 vs. 841, respectively.”

According to Lo, key best practices of client service include (in order of importance):

- Clearly communicating reasons for investment performance
- Clearly explaining how fees are charged
- Proactive advisor contact regarding new products and services or accounts four times in the past 12 months
- Returning client calls/inquiries within the same business day
- Reviewing or developing a strategic plan within the past 12 months
- Providing a written financial plan
- Discussing risk tolerance changes and incorporating into plan where appropriate in the past 12 months

The study, now in its ninth year, measures [overall investor satisfaction with full service investment firms](#) in seven factors (in order of importance): investment advisor; investment performance; account information; account offerings; commissions and fees; website; and problem resolution.

RBC Wealth Management ranks highest in investor satisfaction with a score of 814 on a 1,000-point scale and performs particularly well in investment advisor and account information. Charles Schwab & Co. follows with a score of 805, performing particularly well in account offerings and website. Fidelity Investments ranks third with a score of 796.

The study also finds that usage of online communication channels has increased compared with previous years:

- Fifty-nine percent of full service investors have visited their firm's website in the past 12 months, up from 52 percent in 2009.
- Fifty-one percent of full service investors have exchanged an email with their advisor in 2011, compared with 19 percent in 2008.
- Among investors who visit their firm's website, those older than 64 years average more than 35 visits to their firm's website per year. In comparison, investors younger than 45 years average 12 visits per year and investors between the ages of 45 and 64 average 23 visits per year.
- Reviewing documents posted by an advisor and reviewing tax information are among the most common tasks performed by investors visiting their firm's website.

"Proactive outreach from advisors goes a long way in developing the client-advisor relationship, and expectations as far as frequency of contact have increased coming out of the recession," said Lo. "Advisors can meet this increased need by utilizing more non-traditional forms of communication, such as email and the firm's website, which is much more widely accepted by full service investors of all ages."

The 2011 U.S. Full Service Investor Satisfaction Study is based on responses from more than 4,200 investors who make some or all of their investment decisions with an investment advisor. The study was fielded in March 2011.

#### **About J.D. Power and Associates**

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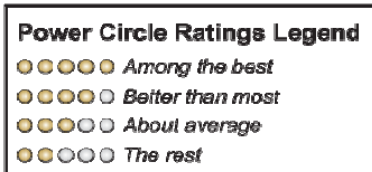
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NOTE: One chart follows.

# J.D. Power and Associates 2011 U.S. Full Service Investor Satisfaction Study<sup>SM</sup>

## Investor Satisfaction Index Ranking

(Based on a 1,000-point scale)



Source: J.D. Power and Associates 2011 U.S. Full Service Investor Satisfaction Study<sup>SM</sup>

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