

ACP Policy on Trailing Commissions

Purpose. ACP is committed to expanding opportunities for fiduciary financial advisors to make the transition to tax-focused financial planning under the retainer model and recognizes that advisors may be transitioning from other compensation models. Accordingly, ACP allows members to receive trailing commissions in certain circumstances. ACP's purpose is to allow advisors wishing to become fee-only the chance to learn and apply the techniques of holistic fee-only planning with the clear expectation that in three years or less, the advisor will meet the definition of *fee-only* according to the CFP® Board of Standards, NAPFA, and the industry as a whole.

Goals. ACP's goals are to encourage advisors toward fee-only practices as soon as practicable, to have advisors eliminate conflicts of interest while they do continue to receive trailing commissions, and to be fair to both transitioning advisors receiving trailing commissions and to other members.

No more than one year of trailing commissions. An ACP member may not receive any trailing commissions, or other compensation related to financial planning or investment advice except for fee-only compensation, beginning no later than the first anniversary of the date the member's application for membership was first accepted by ACP.

No commissions related to ongoing or terminated client relationships. An ACP member may not accept any trailing or other commissions with respect to any client with whom the member at that time has an advisory relationship. An ACP member may give professional guidance to a client (other than a referral to a non-related party) only if the member takes all necessary steps to stop any trailing commissions or other non-fee-only compensation from that client, and returns any such compensation received concurrently with or after the delivery of that professional guidance. As used in this policy, "professional guidance" includes services delivered in any form (including but not limited to verbal discussion by phone or in a client meeting, email, or written recommendations). If the relationship should thereafter come to an end, the member may not resume any non-fee only compensation related to that client.

No Certified status with trailing commissions. No member may achieve or maintain Certified status at any time that they are receiving any trailing commissions from any party.

No use of the term *fee-only*. No member may refer to or in any manner describe themselves as *fee-only* until they are no longer receiving any compensation for professional tax and/or financial planning, including but not limited to investment planning. Nothing in this policy is intended to allow the use of the term *fee-only* in any manner that is inconsistent with the meaning of *fee-only* as used by NAPFA, the CFP® Board of Standards, the SEC or state regulators as applicable, or any other applicable body promulgating rules or policy regarding the use of the term *fee-only*. Until a member meets all applicable definitions, ACP does not consider the member to be fee-only.

Related parties. All references in this policy to an ACP member include any *related party* of the ACP member, as that term or any similar term is understood for purposes of filing Form ADV, and/or meeting the requirements of NAPFA and/or the CFP® Board of Standards.