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Guiding Fiduciaries to Excellence

When Your Client May Need a Professional Fiduciary

A Guide for Financial Advisors and CPAs

Financial professionals often observe early indicators that a client's financial decision-making is becoming compromised, sometimes before anyone else in the client's life recognizes the pattern. This guide is designed to help financial advisors and CPAs identify situations where a professional fiduciary may benefit their client and to clarify the appropriate steps when those indicators appear.

This handout is for referral awareness, not a substitute for independent professional judgment on any specific client situation.

Financial and Behavioral Indicators

You may begin to notice one or more of the following patterns:

Decision-Making and Cognitive Concerns

- ☐ Client is making uncharacteristic financial decisions (unusual withdrawals, impulsive purchases, large gifts with no clear rationale)
- ☐ Client is unable to articulate their financial situation, account balances, or recent transactions when asked
- ☐ Client has difficulty understanding financial documents, statements, or tax information they previously managed without difficulty
- ☐ Client is repeatedly changing beneficiary designations, account structures, or estate planning decisions without clear reasoning
- ☐ Client is increasingly confused about the purpose of their accounts or the professionals managing them

Exploitation and Vulnerability

- ☐ Client appears to be under the influence of a specific individual who is directing financial decisions
- ☐ Unexplained transfers to unfamiliar individuals or entities
- ☐ Client has been targeted by scams or has expressed vulnerability to solicitations
- ☐ A family member or associate with access to the client's finances is making decisions that do not appear to serve the client's interests
- ☐ Client's spending patterns have changed significantly without a corresponding change in circumstances

Administrative and Compliance Concerns

- ☐ Bills are going unpaid despite adequate resources
- ☐ Tax filings are being missed, filed late, or filed inaccurately
- ☐ Insurance policies, benefits, or government programs are being mismanaged or neglected
- ☐ Important financial documents are missing, disorganized, or being mishandled
- ☐ Required minimum distributions, trust distributions, or other time-sensitive obligations are being missed

Authority and Support Gaps

- ☐ No power of attorney or other advance planning documents are in place
- ☐ Existing POA or trust documents are outdated and no longer appropriate for the client's situation
- ☐ No family member or trusted individual is available to serve in a fiduciary role
- ☐ An existing lay fiduciary (family member or friend) is overwhelmed or not performing effectively
- ☐ The client has no one coordinating across their financial, legal, and personal affairs

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What a Professional Fiduciary Can Provide

When these indicators are present, a professional fiduciary can offer:

- Legal authority to make or approve financial decisions when the client cannot do so independently
- Structured oversight of all financial activity with documentation and court or beneficiary accountability
- Coordination across the client's professional team: attorney, financial advisor, CPA, care manager, and others
- Neutral, independent decision-making in situations involving family conflict, competing interests, or exploitation risk
- Continuity planning: a professional fiduciary maintains successor arrangements to ensure uninterrupted management

What Financial Professionals Should and Should Not Do

Do:

- Document the patterns you observe factually and maintain those records
- Raise concerns with the client's attorney if one is involved, or suggest the client or family consult an elder law or estate planning attorney
- Continue managing the client's accounts within your existing authority and engagement terms
- Cooperate with any fiduciary who is subsequently appointed, including providing account documentation and verifying their legal authority
- Report suspected elder abuse or exploitation as required by your jurisdiction and professional obligations

Do not:

- Assume decision-making authority beyond your scope: if a client needs someone to make financial decisions on their behalf, that requires legal appointment, not informal assumption of the role
- Take direction from a family member or third party unless they hold documented legal authority
- Delay raising concerns: early intervention protects the client and reduces risk for every professional involved
- Attempt to resolve capacity, family conflict, or exploitation situations on your own: these require legal and often clinical involvement

Fiduciary Roles at a Glance

- **Guardian:** Personal and healthcare decision-making authority, court-appointed
- **Conservator:** Financial and property management authority, court-appointed
- **Trustee:** Administers trusts per the governing document; may or may not involve court oversight
- **Estate Administrator (also called personal representative or executor):** Administers the closing of an estate, including asset marshaling, debt resolution, and distribution to beneficiaries, whether through probate or outside of it
- **Agent under Power of Attorney:** Acts for the principal per the POA document; no court involvement unless challenged
- **Representative Payee / VA Fiduciary:** Manages government benefits on behalf of a beneficiary. Although not traditionally classified as a professional fiduciary role, its responsibilities, accountability standards, and reporting requirements closely mirror those of a fiduciary, and many professional fiduciaries serve in this capacity alongside their other roles.

Next Steps

- Raise concerns with the client's attorney, or suggest the client or family consult one if no attorney is currently involved
- Evaluate potential fiduciaries using the How to Evaluate a Professional Fiduciary checklist, available at thefiduciaryinstitute.com/for-allied-professionals
- Continue providing financial management within your existing authority while the appropriate legal process is initiated
- Contact The Fiduciary Institute for additional resources or to request a speaking engagement for your firm or professional group

About The Fiduciary Institute

The Fiduciary Institute is a national, standards-driven organization that integrates training, tools, community, and research into a unified ecosystem for professional fiduciaries. The resources on this page are grounded in The Fiduciary Method™, our proprietary framework for structured, defensible decision making.

Learn more at www.thefiduciaryinstitute.com

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