

# 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

## Financial and Behavioral Indicators, cont.

### **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

## 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: 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](https://www.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 platform that integrates training, tools, community, and credentialing development into a unified professional ecosystem for fiduciaries. The resources on this page are grounded in The Fiduciary Method™, our proprietary framework for structured, accountable fiduciary practice.

Learn more at [www.thefiduciaryinstitute.com](https://www.thefiduciaryinstitute.com)