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“As a fiduciary, do you have a roadmap to success for yourself and your not-for-profit?”

By Bill Lomas

Many individuals are actively involved in a variety of not-for-profit organizations through their own family foundations or other outside entities. These organizations have helped countless individuals, as well as our environment. Yet fulfilling one's passion and being involved with not-for-profits does come with some liability. In particular, if you are on the board or investment committee, you are a fiduciary and have accepted responsibility for the interests of the particular organization.

A fiduciary is legally responsible for managing the affairs and assets of the organization to a professional standard of care, which typically involves more than an average person might expect. Without diligently meeting these standards, a fiduciary may expose himself or herself to personal liability. Good intentions are not a buffer, and proper documentation and compliance is important.

By definition, a fiduciary is someone who “is in a position of authority

whom the law obligates to act solely on behalf of the person [or organization] he or she represents and in good faith.” (Merriam-Webster). To this end, an understanding of the organization's mission, as well as the trust provisions of the entity, is an essential starting point. Next, when dealing with the assets of the organization, an investment policy statement (IPS) prepared with assistance by professional investment people and legal counsel, is a must. There should be documentation as to how the money managers were chosen, as well as a review of controls on the accounting of investment expenses. The ongoing monitoring of managers should be documented to avoid conflicts of interest between board members and investment decisions.

The task of structuring an investment policy statement (IPS) is important, as it provides a framework defined by general investment goals and objectives. Also included are the strategies to meet these objectives:

- Financial asset allocation and annual contributions and distributions
- Investment objectives time horizon and risk strategy
- Asset classes to be used and those to be avoided
- Asset allocation targets and rebalancing ranges
- Monitoring and control procedures

The benefit of a properly structured IPS is that it acts as a guidepost, allowing for your organization now and in the future to know how and why assets are invested in a systematic way. This allows you to stay focused over the long term during short-term volatility and provides a basis to monitor the performance of both the assets and those individuals who are managing them professionally.

Realizing that you are a fiduciary for a not-for-profit, and using a blueprint in the form of a properly structured investment policy statement, should provide you with greater confidence in supporting the goals of the organization and those it seeks to help. 🌐

“The benefit of a properly structured IPS is that it acts as a guidepost, allowing for your organization now and in the future to know how and why assets are invested, in a systematic way.”

—Bill Lomas

How to reach **Bill Lomas**

I look forward to discussing how I can help you reach your financial goals. I can be reached directly at 203.683.1526.

Left to right: Jim Pratt-Heaney,
Bill Lomas, Kevin Burns,
Bill Loftus



Who Are Our Clients?

LLBH Private Wealth Management is a Registered Investment Advisory (RIA) firm, created to work with entrepreneurs and senior executives who became wealthy because they made great decisions. Our disciplined process ensures that we see the complete picture of your financial situation so that we can make informed and suitable recommendations to help you accomplish your goals and objectives. Our process also works for those who have been thrust into decision-making roles due to life-changing events such as retirement, the sale of a business, a divorce or a death in the family. Just as they do in their professional lives, our clients want a thorough and candid process in order to make smart decisions about their financial lives. Simply put, LLBH clients respect our ability to get things done.

Assets Under Management
\$980 million

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
\$10 million (investment services)

Largest Client Net Worth
\$500 million

Financial Services Experience
120 years (combined)

Compensation Method
Asset-based

Primary Custodian for Investor Assets **Pershing, A BNY Mellon Company**

Professional Services Provided
Planning, investment advisory, money management, advanced wealth transfer planning and corporate services

Association Membership
Investment Management Consultants Association

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