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ETHICS IN PRACTICE:

Good Advice to Move Retirement Funds?

CASE STUDY

Urquhart is a financial planner for AKC, which runs a large network of financial planners. AKC compensates its planners based on the number of sales of AKC products. Urquhart advises a husband and wife to roll their retirement funds, which combined are worth \$125,000, from one service provider into a single AKC investment fund that follows a large-cap equity strategy. Urquhart discloses to the couple that they will have to pay a penalty totaling \$30,000 for closing their accounts, but they will make up this loss with better investment returns from the AKC product. Urquart's actions are

- A. acceptable if the AKC product is suitable for the couple.
- B. unacceptable because he is promising a specific rate of return.
- C. acceptable because he fully disclosed the negative consequences of closing their accounts.
- D. unacceptable unless the performance history of the AKC product supports his statement about future returns.

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