

# Which Option Is Right for You?

## Consultant

### Registered Investment Advisor (RIA)

- In the business of giving advice.
- RIA firms are independent.
- **Fiduciary:** Legally required to put clients' interests first (**higher** standard than Suitability).
- Typically fee-based compensation for advice.
- Regulated by the SEC or states (as applicable).
- Provide transparency and objectivity.

## Stockbroker

### Registered Representative

- In the business of buying and selling securities.
- A Registered Representative is typically an employee/contractor of a brokerage firm.
- Held to "Suitability Standard".
- Regulated primarily by NASD (but also by SEC and states).
- Typically compensated by commissions on product transactions.
- Often attempt to "look like" an advisor in marketing materials and pricing policies.


A recent survey\* shows that **74%** of investors were **not** aware that **only RIAs** have a **Fiduciary** responsibility to act in investors' best interests in all aspects of a financial relationship.

However, after reading the disclosures on a brokerage firm's Web site **79%** of investors said that they would be less likely to go to a brokerage firm for financial advice.

# Read the Fine Print!

## **THIS IS A BROKERAGE SERVICE**

The Securities and Exchange Commission requires all broker-dealers to provide advice for a fee to maintain accounts enrolled in a brokerage service and not an advisory service. *may not always be*



**“Accounts...are brokerage accounts and not advisory accounts. Our interests may not always be the same as yours. We are paid both by you and, sometimes, by people who compensate us based on what you buy...our profits, and our salespersons’ compensation, may vary by product and over time.”**

Please ask us questions to make sure you understand your rights and our obligations to you, including the *extent of our obligations to disclose conflicts of interest* and to act in your best interest. We are paid both by you and, sometimes, by people who compensate us based on what you buy. Therefore, our profits, and our salespersons’ compensation, may vary by product and over time. Please call us at XXX-XXX-XXXX if you have questions about the differences between a brokerage service and an advisory service.

For more information, visit: [www.cfainstitute.org](http://www.cfainstitute.org)  
and search: **Fiduciary**