



Fiduciary service puts the needs of the client at the forefront

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Q: What does "fiduciary" mean and why should investors care?

Ask these questions

When it comes to your financial life you deserve the best independent objective advice, however, when you arrive at your financial adviser's office, how do you know whether he is working in your best interest? Is his advice influenced by the compensation that he receives from your transaction? Many advisers are in fact, "individual salespeople employed by brokerage firms [and] are often called stockbrokers." [1]

On the other hand, according to the SEC, a registered investment adviser is a fiduciary who has, "a fundamental obligation to act in the best interests of your clients and to provide investment advice in your clients' best interests." [2]

Ask the following questions to find out whether your adviser will provide you with a fiduciary standard of care:

1. What are all of the costs associated with the relationship? Do you receive compensation from other sources if you recommend that I buy a particular stock, bond, or mutual fund?
2. Will you disclose all potential conflicts of interest?
3. Are you required by law to always act in my best interests? Will you put that commitment in writing?
4. Are you a registered investment adviser? Will you provide me with your form ADV?

[1] http://www.consumerfed.org/pdfs/Cutting_through_the_Confusion_Brochure.pdf

[2] <http://www.sec.gov/divisions/investment/advoverview.htm>

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