WHAT TYPE OF INVESTMENT PROFESSIONAL IS RIGHT FOR ME?
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While some people are comfortable handling their own investments, many are not. They find the idea of creating a plan for allocating their assets bewildering, choosing a mutual fund intimidating, and designing an investment portfolio to be one more thing for which they have neither the time nor the expertise.

This is nothing to be embarrassed about. Investing can be confusing.

If you are not comfortable handling your own investments, the good news is there are financial services professionals who can help with financial and investment decisions. Unfortunately, finding the right investment services provider may seem almost as confusing as choosing the right investments.

This brochure will help you cut through the confusion. It covers those financial services providers – investment advisers, brokers, and financial planners – who provide assistance with securities investments (such as stocks, bonds, and mutual funds) as part of their services. Our goal is to provide some basic information you can use to find an investment services provider who is right for you – one who offers the services you want on terms you understand and accept.

WHAT TYPE OF FINANCIAL PROVIDER DO I NEED?

Investment services providers fall into three categories:

- Investment advisers
- Brokers
- Financial Planners

Investment Advisers
The term investment adviser describes a broad range of companies and people in the business of giving advice about securities (the term “securities” includes stocks, bonds, mutual funds, and variable annuities). Investment advisers may use other titles, including: investment manager, wealth adviser, investment counsel, asset manager, wealth manager, or portfolio manager.

Investment advisers offer advice about investing in securities and may provide ongoing oversight and management of your portfolio of securities. Investment advisers typically provide ongoing management of investments based on the client’s objectives, often with the client giving the adviser authority to make investment decisions without having to get prior approval from the client for each transaction.

Brokers
The term broker-dealer or brokerage firm refers to companies in the business of buying and selling securities (called trading) on behalf of customers. Some brokerage firms may, in addition to buying and selling securities, also offer a range of investment planning services. Individual salespeople employed by brokerage firms are called brokers. Brokers may use other titles, including: stockbroker, financial consultant, financial adviser, wealth manager, and investment consultant.

Brokers help you buy and sell securities and may provide recommendations about your investments.
Financial Planners

The term financial planner generally refers to providers who look at your entire financial picture to develop and, at times, also implement a comprehensive financial plan based on your long-term goals.

A comprehensive financial plan typically covers topics such as estate planning, tax planning, insurance needs, and debt management, in addition to more investment-oriented areas, such as retirement and college planning.

**DO FINANCIAL PROFESSIONALS HAVE DIFFERENT LEGAL OBLIGATIONS?**

Investment services providers not only offer different types of services and charge for them differently, but they also are subject to different federal and state regulatory requirements and have different legal obligations to their customers.

Important distinctions – including whether the provider has a clear obligation to act in your best interests or disclose conflicts of interest – depend on which legal category the provider falls into.

*Investment Advisers* are fiduciaries. This means that they are required by law to put your interests ahead of theirs at all times by providing advice and recommending investments that they view as being the best for you.

- Investment advisers are required to provide up-front disclosures about their qualifications, what services they provide, how they are compensated, possible conflicts of interest, ownership and affiliations, and whether they have any record of disciplinary actions against them.

- Investment advisers are regulated directly either by the U.S. Securities and Exchange Commission ("SEC") or by state securities regulators like the New Jersey Bureau of Securities, primarily based on the amount of assets they manage.

*Brokers* are generally not considered to have a fiduciary duty to customers, although this standard may apply in certain circumstances. Instead, brokers are required to know your financial situation well enough to understand your financial needs, and recommend investments that are suitable for you based on that knowledge.

- Brokers are not required to give the same up-front disclosure about conflicts of interest and ownership as provided by investment advisers.

- In addition to being regulated directly by the SEC and by state securities regulators, like the New Jersey Bureau of Securities, brokers are subject to regulation by the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization.

*Financial Planners* are not separately regulated as planners. Instead, their regulation and the level of responsibility they owe customers depend on the services they provide.

- Financial planners providing investment advice must be registered or
licensed as investment advisers and are subject to a fiduciary duty. Those who sell products must be registered representatives of brokers.

- Some financial planners perform other activities that do not involve securities and are not regulated under laws governing either investment advisers or brokers.

**HOW ARE THESE FINANCIAL SERVICE PROVIDERS PAID?**

Another factor that may affect your choice of investment services provider is how you prefer to pay for services. Your options fall into three basic categories:

- Percentage of Assets Under Management
- Commissions
- Fees

Providers may rely on only one compensation method, combine the different compensation methods within an account, or offer different compensation options to different clients.

**Percentage of Assets Under Management**

Some investment services providers, including most investment advisers, charge a fee based on a percentage of the assets in the client’s account. The percentages charged can vary significantly from provider to provider. Providers often charge lower percentage rates for larger accounts.

**Commissions**

Some providers, including many brokers, receive their compensation based on commissions clients pay each time they buy or sell a security. This may be the most affordable option for those who trade rarely. On the other hand, it could create an incentive for some providers to recommend frequent trades or particular investment products that provide an additional financial benefit to the salesperson.

**Fees**

Some providers, including many financial planners, charge fees for their services that clients pay directly to the provider. They may be hourly fees, a flat fee, or a retainer fee for a particular service or range of services.

**ASK QUESTIONS BEFORE YOU INVEST**

The key to finding the right investment services provider for you is to ask the right questions – both of yourself and of prospective providers. Remember, there are no foolish questions. Any reputable provider should be happy to discuss the issues covered in these materials with you and answer any questions you may have.