

THE WALL STREET JOURNAL

PERSONAL JOURNAL

Wary Investors Are Seeking Out Objective Voices

Independent Advisers Are In Demand, but Picking One Means Homework

By ANNE TERGESEN and JANE J. KIM

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Hired Help

Amid the turbulent markets, more investors are turning to financial advisers for help in managing their money. Here's a field guide:

	Pros	Cons
Brokers at full-service firms	Can be cheaper than fee-based relationships, especially for those who don't trade very much.	Brokers may encourage customers to trade actively to increase their commissions.
Independent RIAs	Registered Investment Advisers operate under a higher 'fiduciary' standard at all times.	May be more expensive, especially for buy-and-hold investors with modest portfolios.
Independent RIAs affiliated with an independent brokerage	These RIAs have fewer reasons than full-service brokers to push one product over another.	Dually registered RIAs operate under the higher fiduciary standard when giving advice, but the lower suitability standard when selling products.
Financial planners	Using financial planners can be cheaper for investors, who generally pay a one-time fee for a financial plan.	Typically requires more work from investors, who have to find a planner and then make and monitor the investments on their own.

Comments

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Most 'Financial Advisors' work for publicly traded companies that trade on the stock exchange like any other stock. And, like any other stock, their boards of directors must act in the best interest of shareholders — not clients of the firm.

Fiduciary duty is the highest level of duty an investment firm can exercise. When accepting fiduciary duty an investment firm must, by law, act in the best interest of its clients — above and beyond those of its shareholders or employees.

If you want the investment firm you are dealing with to place your interests above and beyond their interests, have them clearly accept fiduciary duty in writing on their company letterhead.

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