

MANAGING YOUR MONEY

Know Your Protections When Seeking Financial Advice

(NAPSA)—Many people are confused when it comes to the differences among financial professionals, particularly between stockbrokers and investment advisors. Over the years, the roles of stockbrokers and investment advisors have converged. For example, now they both offer fee-based financial advice.

The challenge for investors is knowing the protections their financial professional is required to provide. The problem for investors is that while both stockbrokers and investment advisors provide fee-based advice, they don't offer the same investor protections. The reason is that industry regulation has not kept pace with a changing market. For example, investment advisors must disclose any potential conflicts before providing advice whereas stockbrokers don't have this requirement.

With nearly 90 million investors in America, it's alarming that so few are aware that stockbrokers and investment advisors can provide the same service but offer unequal protections. A recent survey of investors commissioned by TD Waterhouse USA shows that nearly 60% of investors incorrectly believe that brokers and advisors provide the same investor protections. Yet, 69% expect all financial professionals that offer fee-based financial advice to provide the same level of investor protection. Moreover, 83% were very concerned that all financial professionals offering fee-based financial advice are not subject to the same industry regulation.

As more investors use the services of a financial professional to manage their money, it is increasingly important to understand the



Stockbrokers and investment advisors are subject to different regulations. As a result, they may provide different levels of investor protection.

different levels of investor protection provided by stockbrokers and investment advisors. TD Waterhouse has developed three key questions that investors can use right now to make informed decisions around fee-based financial advice. Investors should ask the following questions in addition to the customary topics covered with a financial professional:

- Do you provide fee-based financial advice as a Registered Investment Advisor?
- When providing fee-based financial advice, what are your obligations to act in my best interest?
- What are your disclosure requirements when providing fee-based financial advice?

Whether you're working with a financial professional today or considering one in the future, it's important to be aware of your investor protections. Asking the right questions before accepting financial advice could very well be in your best interest, as you may be among the many investors that are not aware of the unequal protections that exist today.