Fact Sheet

U.S. Department of Labor
Employee Benefits Security Administration

How to Tell Whether Your Adviser is Working in Your Best Interest: A Fiduciary Guide for Individual Consumers

Selecting someone who is being paid to provide you with investment advice is a crucial decision. You want to make sure that the adviser you select is working in your best interest and that your retirement savings are protected.

Before you select an adviser, you need to have a clear understanding of the adviser's responsibilities to you and how he or she may be affected by the fees he or she receives when giving you advice. It is important to understand whether the adviser is acting as a fiduciary, meaning that the adviser is working solely in your best interest, and is not conflicted by compensation arrangements that may encourage him to steer you into investments that are more profitable for him. Asking the following questions, up front, will help you protect yourself and your assets.

Do you consider yourself a fiduciary?

- If not, why not?
- Are you willing to act as a fiduciary with a duty to act solely on my behalf?
- Are you willing to disclose to me any conflicts of interest that may interfere with your acting solely on my behalf?
- Are you willing to put this commitment in writing?

How are you compensated?

- Do you earn fees or commissions based on the number of products that I buy or the size of my investment?
- Will you earn a higher fee or other type of compensation if I invest in certain products you recommend or will you receive fees for services related to specific investment products?
- Will you provide a list of the fees and commissions you receive either directly from me or from other sources in writing?

Are you a licensed or registered investment adviser?

- Are you registered with the State, U.S. Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), or the Certified Financial Planner Board of Standards, Inc. (CFP Board)?
- For how long? What is your experience?
- Who supervises you, or, are you a sole practitioner?
- If a sole practitioner, do you have professional liability insurance?
- Have you (or your firm) ever been disciplined? For what?

Carefully review the information you receive to look for fees and expenses being charged and possible conflicts of interest. If the information you receive is not clear or you see things that make you uncomfortable, ask questions. If the answers don't ring true or make you uncomfortable, shop around until you find a relationship that gives you confidence that the adviser is working in your best interest. And remember -- Trust but verify!

There are several publications available on the Web that can help you:

- Department of Labor's *A Look at 401(k) Fees*
- Certified Financial Planner Board of Standards' *Consumer Guide to Financial Self-Defense*
- North American Securities Administrators Association's *Understanding Your Brokerage Account Statements*
- Financial Industry Regulatory Authority's *How to Avoid Problems with Your Broker*

For further assistance, please go to our website at **www.dol.gov/ebsa**.