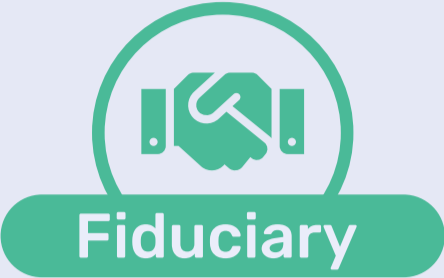


Fiduciary vs. Broker

What's the difference?

When it comes down to it, the main difference is whether or not they have your best interest in mind.



Definition

A person or organization who puts their clients' interests ahead of their own, with a duty to preserve good faith and trust.

Definition

A broker is an individual or firm that charges a fee or commission for executing buy and sell orders submitted by an investor.

Held to a Fiduciary standard

i.e. If a car is truly in your best interest, then a Fiduciary won't try to get you a boat.

Held to a Suitability standard

i.e. A boat may be a suitable form of transportation, but maybe not what is best for you.

Can help you decide which product is best for you.

Will sell you a product.

Makes money through fees for service & advice.

Makes money through commission for selling product.

Unbiased in what they recommend

Limited scope to their own products (Biased!)

Other professionals held to fiduciary standard:

Board members for the best interest of the company

Trustees for the best interest of beneficiaries

401k Administrators for the best interest of employee participants

CFP Advisors for the best interest of their clients

Other professionals held to a suitability standard:

None