



Tips for Researching a Financial Advisor

Making sure you select the right financial advisor is no different from choosing any other professional such as an attorney, accountant or a physician. It can be difficult to find someone you trust with your money.

Tips to Find the Right Financial Advisor

- Start by asking knowledgeable friends or colleagues in similar financial situations for recommendations.
- Do your own research to make sure he or she is the right person to meet your needs. Do your research before you sign any documents!
- If you are already investing with a financial institution, you may have access to their financial advisors.

About Selecting a Professional

- Find out whether his or her products and services are right for you.
- Do you want financial planning, ongoing money management or just help selecting and purchasing securities?
- You should understand whether the fiduciary rules will apply, whether the suitability standards will apply or both. The fiduciary rule requires that the advisor have a legal duty to act in your best interest. The suitability standard requires that a broker-dealer, insurance agents and others must believe his/her recommendations are in accordance with client's investment objectives, time-constraints and risk-tolerance but does not require the advice to be in the client's best interest. You should have a discussion with the professional to determine which standard(s) applies.

Financial Designations

Financial designations can be confusing. There are many different types of financial designations. Make sure you understand what the designation means and what are the educational requirements to obtain the credentials.

Examples include:

- **Certified Financial Planner (CFP®):** A CFP® will develop and implement a comprehensive financial plan for individuals. A CFP® has completed extensive training and is held to the highest fiduciary and educational standards.
- **Chartered Financial Consultant (ChFC®):** A ChFC® will develop a comprehensive financial plan which incorporates risk management, investment, retirement and tax planning with less stringent educational requirements.
- **Registered Investment Advisor (RIA):** A RIA is an individual or firm who may be registered with the SEC., depending on the assets under management. This individual provides advice by making recommendations regarding securities.

Compensation Structure of Financial Professionals

- Some financial professionals may receive a commission for selling certain kinds of products, such as life insurance or annuities.
- Some financial professionals may charge either an hourly or annual fee for their services.
- It is your responsibility to fully understand the cost of obtaining financial advice.

Industry Regulations of Financial Professionals

- **A Registered Investment Advisor** is generally overseen by the Securities and Exchange Commission (SEC) and works for an RIA firm.
- **A stockbroker** generally works for a brokerage firm and is overseen by the Financial Industry Regulatory Authority (FINRA).
- **Insurance Agents** are regulated by the state insurance department in each of the states.

It is important that you check the background of any financial advisor you are interested in working with, even if the advisor has been recommended to you. **Do your homework. Call the advisor's references, research the advisor on government websites and even "google" him or her.** There are several free online resources available from industry associations and regulators that provide information about a financial advisor's qualifications, certification and any disciplinary actions to which the advisor may be subject.

Official Websites of Select Regulating Bodies

- **Financial Industry Regulatory Authority (FINRA):** www.finra.org. Using FINRA's BrokerCheck tool, you can search by the stockbroker's name or firm to obtain information about the broker's background and qualifications.
- **Investment Advisors or RIA Firms:** www.sec.gov. The Check Your Investment Professional section will allow you to view an advisor's qualifications and disciplinary actions.
- **Certified Financial Planners:** www.cfp.com. The Check a CFP® Professional's Background tab will reveal the individual's certification status and disciplinary history.
- **Other Professional Designations:** www.designationcheck.com. This tool will allow you to search the various financial designations and to understand what the different credentials mean within the financial services industry.

Department of Labor Fiduciary Rules

Effective April 10, 2017, the Department of Labor's final fiduciary rules will start to phase-in. The final rules describe the circumstances in which a person who provides investment advice relating to a retirement plan subject to the Employee Retirement Income Security Act (ERISA)¹ or an Individual Retirement Arrangement (IRA) will be considered a fiduciary under ERISA and the Internal Revenue Code. The final rules:

- Broadly define a fiduciary to include any person who provides "recommendations" for a fee or other compensation, direct or indirect, to an ERISA covered plan, plan fiduciary, plan participant or beneficiary or an IRA holder for consideration in making retirement investment, distribution, transfer or rollover decisions. Previously, the fiduciary rules did not apply to IRA holders.
- Establish standards that advisors and their firms must satisfy when they provide investment advice regarding ERISA retirement plans and IRAs, to ensure that the advisor provides investment advice that is in the best interest of the customer.
- Explain the types of communications that will not constitute fiduciary investment advice, such as education and general communications.

Resources through the Church Pension Group

You can always call the Church Pension Group and ask for a complimentary financial discussion. We can help you understand your benefit choices, review your needs and goals, and help you plan for the future. Please call (888) 735-7114, Monday – Friday, 8:30AM – 8:00PM ET (excluding holidays) to schedule a discussion.

¹ The plans sponsored by The Church Pension Fund are not subject to ERISA.