Fiduciary Financial Advisors

Your Guide to Smart Investing

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ARE YOU LOOKING FOR A FINANCIAL ADVISOR who is legally obligated to prioritize your best interests? It doesn't sound logical that all financial advisors wouldn't prioritize your best interests first, but unless you are working with a Fiduciary, you can't be completely sure. Fiduciary financial advisors offer this assurance, setting them apart from other types of advisors. This guide will help you understand what fiduciary financial advisors are, how they operate, and why working with one could benefit your financial future.

- Fiduciary financial advisors are legally obligated to act in their clients' best interests, distinguishing them from non-fiduciary advisors who may have conflicts of interest.
- Working with a fiduciary advisor provides benefits such as transparency in fee structures, prioritization of client interests, and comprehensive financial planning tailored to individual needs.
- Selecting the right fiduciary financial advisor involves verifying credentials, confirming fiduciary status, and understanding their fee structures to ensure alignment with your financial goals.

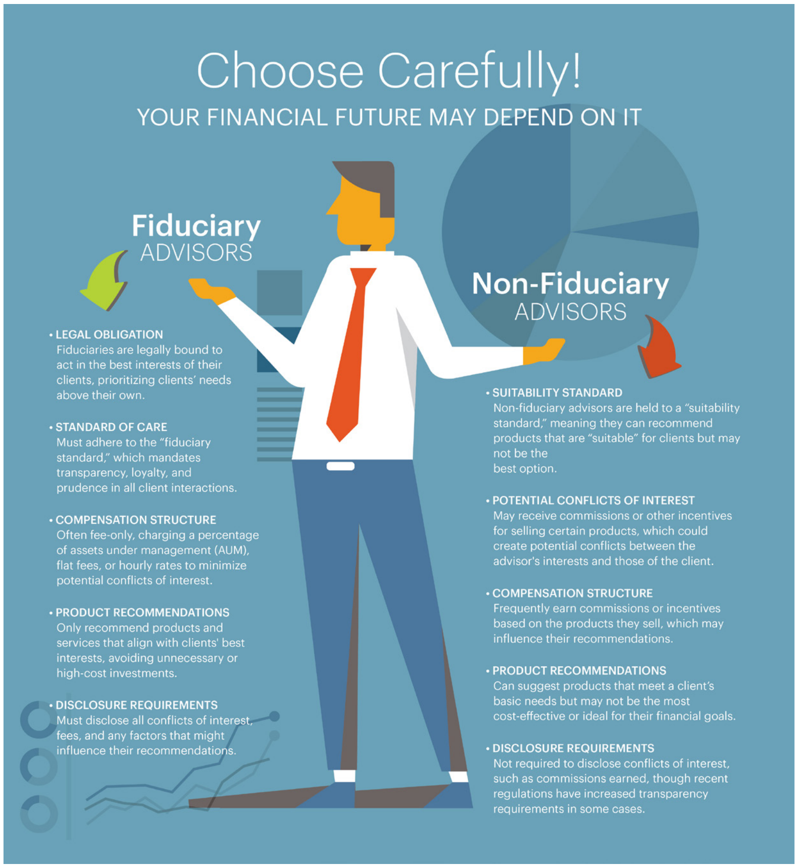
UNDERSTANDING FIDUCIARY FINANCIAL ADVISORS

Fiduciary financial advisors and personal financial advisors serve both high-net-worth and non-high-net-worth individuals, as well as institutional clients. They offer comprehensive services such as wealth advisory, financial planning, and investment management tailored to individual client needs.

The fiduciary duty these advisors uphold distinguishes them from non-fiduciary advisors, creating a relationship based on trust, transparency, and the commitment to act in the client's best interest. A long term professional relationship with a Fiduciary Financial Advisor can keep you on track to meet your long-term financial goals in the most efficient way possible.

Taxpayers and investors must stay informed of proposed tax changes and adapt their financial strategies accordingly.

A fiduciary is an individual or organization responsible for managing money with a legal obligation to act in another person's best financial interests. Fiduciary financial advisors must prioritize their clients' needs above their own. Imagine a financial advisor who discloses potential conflicts of interest and operates with a duty of care, loyalty, and good faith. Registered investment advisors and CERTIFIED FINANCIAL PLANNERS™ are bound by these fiduciary responsibilities. This ensures that their investment recommendations align with your financial goals rather than their own compensation. By inquiring whether your potential advisor is a fiduciary, you can ensure they are legally required to prioritize your interests.



FIDUCIARY VS. NON-FIDUCIARY ADVISORS

Fiduciary advisors adhere to the highest level of trust and good faith in their client relationships. They must avoid or disclose conflicts of interest, maintaining transparency in their practices. In contrast, non-fiduciary advisors typically follow a suitability standard, recommending investments that are deemed suitable based on reasonable beliefs. This lower standard allows for potential biases since non-fiduciary advisors might receive commissions from the products they sell.

Non-fiduciary advisors are regulated by the Financial Industry Regulatory Authority (FINRA) and are not all financial advisors subject to the same rigorous compliance standards as fiduciary advisors. This can lead to recommendations that may not always align with your best interests. According to the 2024 FINRA Industry Snapshot, of the total 713,576 registered individuals in the securities industry as of 2023, 628,392 were registered as non-fiduciary broker-dealers, while only 85,184 were registered solely as fiduciary Investment Adviser Representatives. Recognizing these differences helps in making informed decisions about financial planning and investments.

IMPORTANT DISCLOSURES

The information included in this document is for general, informational purposes only. It does not contain any investment advice and does not address any individual facts and circumstances. As such, it cannot be relied on as providing any investment advice. If you would like investment advice regarding your specific facts and circumstances, please contact a qualified financial advisor.

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Matthew Costigan is a principal and senior financial advisor in the HBKS® Pittsburgh office. His clients benefit from his extensive knowledge and practical experience with tax laws and best practices as they affect individuals, including planning for the tax impact of qualified and non-qualified investments.