



*Your family's CFO.*

## **HOW ARE INVESTMENT ADVISORS DIFFERENT FROM STOCKBROKERS?**

### **Fiduciary Responsibility**

Smith & Howard Wealth Management is a Registered Investment Advisor (“RIA”). RIAs are regulated by the Securities and Exchange Commission (“SEC”), or in the case of smaller firms, by the state in which the advisor is located. Stockbrokers are largely self-regulated by the National Association of Securities Dealers (“NASD”).

Independent RIAs are held to a higher standard than stockbrokers when it comes to putting investors’ interests first and doing the right thing for their clients’ investments.

RIAs have a fiduciary duty to act in the best interests of their clients at all times. Brokerage firms generally are not fiduciaries to their customers and therefore do not make decisions that are solely in their customers’ best interests.

In fact, as of July 22, 2005, any brokerage firm that offers fee-based accounts must prominently disclose the following, among other things:

- “Your account is a brokerage account and not an advisory account. Our interests may not always be the same as yours.
- We are paid both by you and, sometimes, by people who compensate us based on what you buy. Therefore, our profits and our salespersons’ compensation may vary by product and over time.”

### **Compensation**

Investment advisors charge clients a fee negotiated in advance and cannot earn any other profits from their clients without the clients’ prior consent.

Most investment advisors (including Smith & Howard Wealth Management) are paid an asset-based fee, so their interests are aligned with their clients.

Brokerage firms’ revenues may increase even if the customers’ assets shrink.

### **Conflict of Interest**

Investment advisors manage money in the best interests of their clients. They do not engage in other business activities like investment banking or underwriting, which brokerage firms do.

These other businesses may cause a brokerage firm’s interest or attention to focus on other areas of the firm outside of their retail brokerage business and customers.