

# CONSUMER PROTECTIONS FOR RETIREMENT INVESTORS – FAQs ON YOUR RIGHTS AND FINANCIAL ADVISERS

U.S. Department of Labor  
Employee Benefits Security Administration  
January 2017

Beginning on April 10, 2017, retirement investors will benefit from important new protections requiring that financial advisers act in their best interest. While many investors think that their financial adviser already is required to act in their best interest – like their doctor or their lawyer – the law hasn't always required it. Financial companies often pay advisers more to promote certain products rather than to recommend what is best for their customers. That incentive creates what is known as a *conflict of interest*. And conflicts of interests sometimes can cause advisers to give bad advice.

The Department of Labor's recently adopted Conflict of Interest Rule protects retirement investors by requiring advisers to adhere to a *fiduciary* standard and give advice that is in the investor's best interest. After April 10, advisers who are paid to make recommendations about retirement accounts, such as individual retirement accounts (IRAs) and 401(k) accounts, will be treated as *fiduciaries*. This includes advisers who are paid directly by you or paid indirectly through commissions or other payments they may receive from third parties. As fiduciaries, they must protect their customers from harmful conflicts of interest. The new protections generally require that advisers:

- Satisfy a professional standard of care when making investment recommendations (give prudent advice);
- Put their customer's interest first when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure adherence to the best interest standard and to prohibit financial incentives for advice that is not in the customer's best interest;
- Charge no more than reasonable compensation for their services; and
- Disclose basic information about fees and conflicts of interest to retirement investors.

Under the Department’s rulemaking, these basic standards of fair dealing and fiduciary conduct will be the law. Your adviser’s commitment to adhere to these basic standards should protect your interests and give you a sound basis for relying on your financial adviser’s advice.

These *Frequently Asked Questions* (FAQs) will provide you with information about the Rule and related protections so that you can better understand your rights and benefits as a retirement investor. At the end of these FAQs, we have also attached a list of questions for you to ask your financial adviser (Appendix I).

## **BACKGROUND FAQs**

### **Q1. Why did the Department adopt the Rule?**

**A.** The Department adopted the Rule to better protect retirement savers when they receive investment advice. We closed loopholes in existing rules that let financial advisers avoid being considered “fiduciaries.” In general, a fiduciary is someone who must act in the client’s best interest. These loopholes cost retirement investors billions of dollars each year in conflicted investment advice. Conflicts of interest occur when advisers have financial interests in their recommended investments, such as commissions or third-party payments that they will receive only if you make a particular investment. The Rule defines financial advisers as fiduciaries if they provide you an investment recommendation regarding your retirement account and they get paid. As fiduciaries, they must either avoid dangerous conflicts of interest altogether, or adhere to the best interest and other standards described above. The Rule allows advisers to get paid in a wide variety of ways as long as they are putting your interests first.

### **Q2. Will the Rule cause change in the financial services industry?**

**A.** Yes. Although many advisers already work hard to give sound advice that puts the customer first, the new Rule will generally make best interest advice the law. Also, the Rule will require many financial institutions to significantly change their compensation practices. The financial services industry will not be permitted to use incentives such as quotas, bonuses or prizes that encourage advisers to make recommendations that are not in your interest.

In many circumstances, financial advisers must give you a written statement confirming that they are fiduciaries when they offer investment advice, and must disclose additional information about conflicts of interest in any payments they get. In certain circumstances, financial advisers must agree to comply with these rules in a contract with you called the “Best Interest Contract.”

The Rule will give you new rights, and it should give you new confidence that your financial adviser is making recommendations based on what’s in your interest, rather than the adviser’s own competing financial interests. Of course, many advisers already work hard to give sound

advice based on the customer's best interest. The Rule will also ensure that these advisers compete on a level playing field in which all advisers must adhere to strong consumer protection standards.

**Q3. Will the Rule better protect my retirement savings?**

**A.** Yes. Investments involve risk, including risk of loss, but your retirement accounts will be better protected because when you pay for retirement investment advice, the advice must be in your best interest. The Rule requires retirement investment advisers to put their client's best interest first by expanding the types of retirement investment advice covered by fiduciary protections. As a fiduciary, your adviser must provide impartial advice in your best interest and cannot accept any payments creating conflicts of interest, unless he or she takes the required steps to make sure your interests are protected.

**Q4. Which financial advisers are fiduciaries under the Rule?**

**A.** Under the Rule, a fiduciary is someone, often called a financial adviser, who is paid for giving investment advice about retirement accounts. This could be someone you seek out for help with your IRA investments, someone who shows up at your place of work to talk to employees and help with their 401(k) investments, or someone who advises your employer on how to invest the company retirement plan. The Rule also protects you when you seek advice about rolling over your retirement savings into an IRA or another plan – for example, when changing jobs, deciding to take an annuity or lump sum retirement offer, or investing your lump sum retirement benefits. General investment or financial education, like what you hear from your favorite financial talk show host, would not be treated as fiduciary advice. Retirement seminars offered as part of a free lunch or dinner event could begin as non-fiduciary general investment or financial education, but could result in an individualized fiduciary investment recommendation covered by the Rule if the speaker makes a specific recommendation that is directed to you.

**Q5. What loopholes are being closed by the Rule?**

**A.** The Rule closes the large loopholes that permitted conflicted investment advice. These loopholes exposed many working families, and especially IRA owners, to conflicted advice. Before the Rule, some financial advisers could give retirement investment advice that was not in their customers' best interest. Many advisers, such as securities brokers or insurance agents, had financial incentives that rewarded them for steering customers to products that were not in the customers' best interest.

**Q6. Why did these loopholes get the Department's attention now?**

**A.** Over the last few decades, as 401(k) plans and IRAs have become more popular, individual workers, rather than large employers and professional money managers, have become increasingly responsible for managing their retirement assets in self-directed IRAs and 401(k) plans. These individual investors are not investment professionals, and commonly depend on advisers to make important investment decisions. But these advisers often have strong financial incentives to recommend investments that result in a larger financial benefit to the adviser but may not be in their customer's best interest. Recent research has found that advisers' conflicts cause real harm to ordinary investors who rely on their advice. This broken regulatory system was costing some working families tens of thousands of dollars of their retirement savings.

While many financial advisers acted in their customers' best interest, not everyone was legally obligated to do so. This Rule levels the playing field, and makes sure that all retirement advisers follow the same standards. America's workers should be able to retire with dignity after a lifetime of hard work and getting fiduciary investment advice will make it easier to reach this goal.

**Q7. How much do America's working families lose due to conflicted advice?**

**A.** In IRAs alone, conflicted advice is costing America's working families about \$17 billion per year, according to a report from the President's Council of Economic Advisers.

**Q8. How much does a typical worker lose due to conflicted investment advice?**

**A.** A typical worker can lose a lot to conflicted advice. Let's say a financial company rewards your adviser for recommending investments with high fees. You follow the recommendation, and as a result you pay 1 percent more in fees every year than would have been ideal. So instead of earning, say 6 percent each year, your nest egg earns 5 percent. That difference might seem small, and you might not even suspect that you are paying too much. Over time that difference adds up. If you roll over \$100,000 from your 401(k) into an IRA earning 6 percent, in 10 years it would grow to \$179,000. But, if you follow conflicted advice, pay an extra 1 percent and earn only 5 percent, your \$100,000 would grow to just \$163,000. Your adviser's conflict of interest just cost you \$16,000. And as more time passes, your losses grow faster. During the next 10 years you would lose another \$39,000, for a total loss of \$55,000 over 20 years. That's real money.

**Q9. Will financial advisers still get paid for providing retirement investment advice? I’ve heard that some advisers will get “exemptions.” What does that mean?”**

A. Financial advisers deserve to be paid a fair and reasonable fee for their advice. And, retirement investors may wish to pay for advice in different ways – through commissions, an hourly fee, or an advisory fee based on the value of the account. Under the new Rule, some types of compensation are prohibited because of the adviser’s conflict of interest, unless we grant them an “exemption.” So, along with the Rule, we created exemptions that allow advisers to still accept certain common types of compensation – like commissions and payments from the products they recommend – if they comply with certain conditions designed to ensure they act in your best interest. They must commit to:

*Put their client's best interest first,*

*Charge only reasonable compensation, and*

*Avoid misleading statements about fees and conflicts of interest.*

*Many firms will be required to adopt policies and procedures* designed to ensure that advisers provide best interest advice, *prohibit misaligned financial incentives* for advisers to act contrary to the client’s best interest and *disclose conflicts of interest*, particularly by directing the customer to a webpage disclosing the firm’s compensation arrangements and making customers aware of their right to complete information on the fees charged.

**Q10. What happens to financial advisers if they provide investment advice that is not in their retirement investors’ best interest?**

A. The Rule and exemptions hold financial advisers accountable to give investment advice in their retirement investors’ best interest. If financial advisers and their firms do not follow the standards established in the Rule and exemptions, retirement investors will be able to hold them legally accountable—either under the provisions of a federal law, the Employee Retirement Income Security Act, known as ERISA (for 401(k)s and other ERISA plans) or, in some cases, under a breach of contract claim (for IRAs and other non-ERISA plans).

**Q11. I have been told that the Rule and exemptions will prevent me from receiving advice paid for with commissions, and will instead require me to receive advice paid for with an ongoing asset-based fee. Is this true?**

A. No. The Rule permits firms and advisers to give advice under a wide variety of compensation arrangements, including commissions. As a result, there is nothing in the Rule or exemptions that requires advisers to move clients from commission-based accounts to accounts

that are charged an ongoing asset-based fee. In fact, the Rule specifies that advisers act as fiduciaries when they recommend the type of account that you should maintain. If, for example, a fee-based account is imprudent given your particular circumstances, the adviser would be precluded from recommending that arrangement to you.

## **FAQs About My Adviser**

### **Q12. Who is a *fiduciary* adviser under the Rule?**

**A.** When your financial adviser is paid for making an investment “recommendation” about your retirement accounts, and the advice is based on your particular needs or specifically directed to you, he or she is a fiduciary. Under the Rule, the adviser can be directly paid by you or indirectly paid by somebody else (for example, by the financial institution whose product he or she recommends) for the advice. Covered recommendations include investment advice about buying, holding, or selling securities or other investment property in your retirement accounts, including recommendations to roll over your account, purchase an annuity or take a distribution from your 401(k) plan or IRA.

Investment advice also includes recommendations as to investment policies or strategies, portfolio composition, selection of other persons to provide investment advice or investment management services, or the selection of investment account arrangements (e.g., accounts where you pay brokerage commissions for individual investment transactions versus accounts for which you pay an overall advisory fee and generally do not pay commissions on individual transactions).

### **Q13. What counts as a fiduciary “recommendation” as opposed to general investment education?**

**A.** A “recommendation” is a communication that most people would think is a suggestion that you take a particular course of action, such as buying a particular security in your retirement account or not selling a particular investment. The concept of a “recommendation” is very familiar to advisers because the Rule’s definition of “recommendation” is based on rules the Financial Industry Regulatory Authority (FINRA) has applied to brokers for many years. FINRA is the independent regulatory authority of the broker-dealer industry, subject to the oversight of the Securities and Exchange Commission (SEC).

### **Q14. What does it mean to me to have investment advice provided by a “fiduciary”?**

**A.** If you are a participant in a retirement plan governed by ERISA, your financial adviser is a fiduciary who must act prudently and solely in your best interest when he or she gives you investment advice.

If you are an IRA owner and your financial adviser or his or her firm receives direct or indirect compensation based on the investments you buy or sell, the adviser must comply with an exemption requiring that your financial adviser act in your best interest. This requirement is very similar to what ERISA already requires for advisers in connection with employee accounts in 401(k) plans.

**Q15. What does it mean to me to have investment advice provided in my best interest?**

**A.** It means financial advisers must put your financial interests in the driver's seat, rather than their own competing financial interests. When financial advisers operate under the best interest standard, they must investigate and evaluate investments, make recommendations, and exercise sound judgment as a knowledgeable and impartial professional. Their investment recommendations must be based on what's best for your bottom line, not theirs. But, as noted below, providing advice in your best interest does not mean that your adviser has to find the absolute best investment product for you in the marketplace.

**Q16. Does the best interest standard mean that my financial adviser is automatically liable if I lose money in my retirement account when I follow his recommendation?**

**A.** No. The best interest standard does not mean that your financial adviser is always responsible if your investment loses money. Sound investments can lose money. Prudent and loyal advisers can make recommendations that don't pan out through no fault of their own. The best interest standard focuses on the financial adviser's behavior at the time he or she makes a recommendation to you, rather than how the investment in your retirement account turned out over time. If the investment was prudent and based on your interests at the time of the recommendation, the adviser is not liable merely because it now appears, with the benefit of hindsight, that the investment did not turn out as well as other investments might have turned out.

**Q17. Does the best interest standard mean that my financial adviser must search for and identify the absolute best product for me?**

**A.** No. The best interest standard requires that your adviser act prudently and that he or she put your interests first, but it does not require that he or she somehow scour the market and identify the single best investment product for you out of all the investments in that vast market. The adviser's obligation is not perfection, but rather to make recommendations that adhere to a professional standard of care and that are based on your financial interest, without regard to his or her own competing financial interests.

If an adviser makes recommendations from a limited or specialized menu, however, he or she may not always be able to make a prudent recommendation that meets the best interest standard.

In such cases, the adviser may conclude that he or she cannot make a prudent recommendation to a particular investor because of the restrictions on the scope of her recommendations (e.g., if the consumer requires a degree of liquidity that is inconsistent with the particular products the adviser recommends). An adviser that specializes in real estate or specialized notes, for example, could turn away some customers because the limits of his or her expertise and those investment products are a poor match for those customers.

**Q18. Can I continue to work with my financial adviser after April 10, 2017?**

**A.** The Rule and exemptions permit a wide variety of advice models, so you can continue to receive advice under an arrangement that's best for you. Some financial advisers already work hard to provide best interest advice and will continue to serve all of their clients. However, other financial advisers may choose to limit the types of accounts they will offer advice on or the types of investment products they will recommend. Other advisers may decide to offer only advisory accounts that charge an asset-based fee, rather than offering commission-based accounts. Others may decide to focus on insurance products and not offer mutual funds. Generally, even if a financial adviser decides to make changes in his or her business structure, so long as he or she makes recommendations in your best interest, he or she will likely be in compliance with the Rule and exemptions.

Do not believe any adviser who tells you, however, that the Rule prohibits commission-based advice, or that it requires you to enter into an asset-based fee arrangement. In fact, many firms will continue to offer commission-based accounts after April 10, 2017, coupled with a contract that promises to give you advice that is in your best interest. Similarly, the Rule and exemptions do not require advisers to make any changes to their fee practices with respect to investments you made before April 10, 2017. If, for example, you purchased shares in a front-end load mutual fund before April 2017, nothing in the Rule or exemptions requires you to switch to some other (or additional) fee arrangement for that asset (for which you already paid a substantial load).

You should talk to your financial adviser about the types of products and accounts he or she offers to determine if you want to continue with that adviser or seek one that offers products, services and accounts that better meet your needs. A wide variety of advice arrangements will be available in the market, and you may find the arrangement best suited to your needs by shopping around. See Appendix I to these *Frequently Asked Questions* for a list of questions you might want to ask your financial adviser.



## FAQs About IRAs, 401(k) Plans and HSAs

**Q19. My broker tells me that he is now a fiduciary bound by a best interest standard under the Rule and exemptions when he gives me advice about my 401(k) and IRA account investments, but that he is still just my broker and not a fiduciary when he gives me advice about investments in my after-tax account. Is this true?**

**A.** It could be. Advice you get regarding investments in your after tax account is subject to rules issued under other federal and state laws, but the best interest standard and other significant consumer protections offered under the Department of Labor’s Rule and exemptions only apply to retirement accounts in ERISA plans (like 401(k) plans) and IRA accounts where you are building up savings for your future retirement. The Rule also applies to other tax-preferred savings accounts, such as Health Savings Accounts (HSAs), Archer Medical Savings Accounts and Coverdell Education Savings Accounts, but only for recommendations about managing “investment” property. An investor can always ask an adviser whether the adviser will live by the fiduciary “best interest” standard in the Department of Labor Rule and exemptions for all investments – and if they will not, can consider finding one who does.

**Q20. I am a 401(k) plan participant. My financial adviser tells me that he is providing me with investment education but not advice. What is the difference?**

**A.** Education is general financial and investment information and cannot include an investment recommendation. Being an educated consumer is important. Your financial adviser can help you be an educated consumer without giving you fiduciary investment advice. You should still be able to expect that the education provides accurate information and is not misleading. The following information or materials are typical types of financial and investment education:

- ***Plan and investment information*** (information and materials that describe investments or plan alternatives without specifically recommending particular investments or strategies). This includes descriptions of the investment objectives and philosophies of plan investment options, mutual funds, or other investments; their risk and return characteristics; historical returns; the fees associated with the investments; distribution options; contract features; or similar information about the investments.
- ***General financial, investment, and retirement information.*** This includes information on standard financial and investment concepts, such as diversification, risk and return, tax-deferred investments; historic differences in rates of return between different asset classes (e.g., equities, bonds, cash); effects of inflation; estimating future retirement needs and investment time horizons; assessing risk tolerance; or general strategies for managing assets in retirement.

- **Asset allocation models.** This includes information and materials on hypothetical asset allocations as long as they are based on generally accepted investment theories, explain the assumptions on which they are based, and do not cross the line to making specific investment recommendations. For your 401(k) plan, the models may reference specific designated investment alternatives on your plan’s menu as hypothetical examples to aid your understanding, as long as the examples meet the Rule’s protective conditions.
- **Interactive investment materials.** This includes a variety of questionnaires, worksheets, software, and similar materials that would enable you to estimate future retirement needs and to assess the impact of different investment allocations on retirement income, as long as your financial adviser meets conditions similar to those described for asset allocation models.

**Q21. I receive financial advice from a stockbroker and an insurance agent for my 401(k) plan investments. Does the Rule apply to these types of financial advisers?**

**A.** Yes. The Rule is not limited to financial professionals who call themselves “financial advisers” or “investment advisers.” When you pay stockbrokers, insurance agents, registered investment advisers or bank employees for advice about investments in your 401(k) account they become investment advice fiduciaries.

**Q22. My financial adviser says he must switch my IRA from a “non-advisory” account where I currently pay commissions for each transaction to an “advisory” account for which I will pay an annual fee based on the assets in my IRA. Do the Rule and exemptions require this change?**

**A.** No, there is no requirement in the Rule or exemptions that your financial adviser must charge you an asset-based fee. Your financial adviser may charge you a commission or other transaction fee, an asset-based fee, or an hourly fee, or your financial adviser may receive a payment from the provider of an investment product, so long as the adviser complies with the applicable rules regarding any conflicted payments. In fact, the exemptions flexibly accommodate a wide range of compensation practices, including commission-based accounts, while minimizing the harmful impact of conflicts of interest on the quality of advice.

However, as noted in Q18, some financial advisers may decide to offer only advisory accounts that charge an asset-based fee, while others may offer only commission-based accounts, and still others may offer a wide variety of account types. You should talk to your financial adviser about the types of accounts he or she offers to determine if you want to continue with that adviser or seek one that offers the account type that best matches your needs. See Appendix I to these *Frequently Asked Questions* for a list of questions you might want to ask your financial adviser.

**Q23. My financial adviser says I have to sell some investments in my IRA that are not allowed under the Rule and exemptions. Do the Rule and exemptions limit the investments that I can hold in my IRA?**

**A.** No. The Rule and exemptions do not restrict the investments you can hold in your IRA. And your financial adviser doesn't necessarily have an ongoing duty to monitor the investments in your IRA unless you and your adviser agree that he or she will take on that responsibility. Once the Rule is applicable on April 10, 2017, all recommendations from your adviser to buy, sell, or hold must be in your best interest. To comply with this standard certain financial advisers may choose to limit the types of investment products they recommend. Your adviser also has a responsibility to consider your overall portfolio, investment needs, and objectives, and to be clear about any limitations on the scope of products he or she recommends as part of the best interest standard. You should talk to your financial adviser about the types of products he or she offers to determine if you want to continue with this adviser or seek one that offers products that better match your needs. See Appendix I to these *Frequently Asked Questions* for a list of questions you might want to ask your financial adviser.

**Q24. After researching a new stock and deciding to invest, I call my broker and tell him to put in a buy order for my IRA. Does the Rule restrict my broker from following my direction? Does the Rule mean my brokerage costs will increase when my broker executes my buy transaction?**

**A.** No, there is nothing in the Rule or its exemptions that prevents your broker from simply following your direction to buy or sell a security or that makes your broker a fiduciary when doing so. The Rule and exemptions apply only if your broker provides you with a recommendation about which securities to buy, sell or hold in your IRA. There is nothing in the Rule or exemptions that require a change in the commissions the broker charges for just executing an order.

**Q25. What circumstances require my financial adviser to give me a “Best Interest Contract” for my IRA investments?**

**A.** If you own an IRA (or similar type of account, such as a Health Savings Account) and you pay for investment advice through commissions, your financial adviser will likely need to give you a Best Interest Contract by January 1, 2018. This contract includes promises that the financial adviser will comply with the best interest standard and the other consumer protections described above in Q9. If you are already working with a financial adviser, he or she may send you an amended contract, rather than signing a new contract with you. There are some exceptions to this requirement so if your financial adviser does not provide you with the Best Interest Contract, you should ask why not.

**Q26. I participated in a 401(k) plan at an old job. Can I get investment advice on what to do with my account in the 401(k) at my old employer?**

**A.** Yes. Deciding how to handle your 401(k) account and whether to leave the account in your old employer’s plan, take a distribution and purchase an annuity or roll it over into another plan or IRA is one of the most important financial decisions that you can make. Your financial adviser is acting as a fiduciary and must act in your best interest if she provides advice about taking money out of the plan and rolling it into another plan or IRA, or about leaving your money in the plan, even if there is no specific recommendation on how to invest the assets.

If your financial adviser recommends that you roll over a 401(k) plan account to an IRA that will result in compensation to him or her, special protections apply. Your financial adviser must consider your alternatives to the rollover, including leaving the money in your 401(k) account at your old employer. Your financial adviser should ask you for information on the fees and expenses charged by your 401(k) plan in order to compare it to fees that will be charged for your IRA.

**Q27. My financial adviser said my IRA will be grandfathered. What does that mean?**

**A.** This means your financial adviser will continue to provide advice on your existing investments but will not provide you with a Best Interest Contract, even though you are an IRA owner and have a commission-based account. Grandfathered accounts are limited to the investments held in the account as of April 10, 2017, although your financial adviser can provide advice on exchanging investments within a mutual fund family or variable annuity contract. If your adviser makes a recommendation to invest in a new investment product, this new recommendation is not grandfathered and your adviser may need to provide a Best Interest Contract to you at that time.

## **FAQs About Timing And More Information**

**Q28. There are reports that the Department has fined financial institutions that are not compliant with the Rule and exemptions despite not having provided additional guidance that is needed for compliance purposes. Is this true?**

**A.** No. The Department has not fined anyone for failures to comply with the Rule or exemptions. In fact, to give firms more time to come into full compliance, the Rule and exemptions adopt a “phased” implementation approach. In April 2017, one year after the Rule’s publication, the broader definition of investment advice fiduciary will take effect.

To use the Best Interest Contract exemption in April 2017, firms will only be required to comply with more limited conditions, including acknowledging their fiduciary status,

adhering to the best interest standard, and making basic disclosures of conflicts of interest. The exemption's other requirements do not go into full effect until January 1, 2018.

The Department's focus is on providing compliance assistance to help plan fiduciaries and fiduciary investment advisers make the transition to the Rule, exemptions, and consumer protections for investment advice. To assist compliance, the Department published a first set of frequently asked questions on October 27, 2016, and a second set on January 13, 2017.

**Q29. When do the Rule and exemptions become applicable?**

**A.** Most of the consumer protections provided under the Rule and exemptions will begin on April 10, 2017. As of that date, financial advisers must provide advice in your best interest and in many circumstances give you a written statement that they are fiduciaries. However, financial advisers do not have to provide the Best Interest Contract until January 1, 2018.

**Q30. Where can I find more information on the Rule and exemptions?**

**A.** The Department's Employee Benefit Security Administration's website has additional information on the Rule and exemptions, including the regulatory text, FAQs and fact sheets. See [www.dol.gov/agencies/ebsa/laws-and-regulations/rules-and-regulations/completed-rulemaking/1210-AB32-2](http://www.dol.gov/agencies/ebsa/laws-and-regulations/rules-and-regulations/completed-rulemaking/1210-AB32-2).

**Additional Resources:**

- The Financial Industry Regulatory Authority (FINRA) has a website to check on the professional backgrounds of broker-dealers, registered investment advisers and firms: <https://brokercheck.finra.org/>. You can also call the BrokerCheck Help Line at (800) 289-9999.
- The U.S. Securities and Exchange Commission (SEC) provides information about SEC-registered and state-registered investment adviser firms on the following website: <http://www.adviserinfo.sec.gov>. The website also searches FINRA's BrokerCheck system and lets you know whether the entity is a brokerage firm. The SEC also has an online publication that provides tips for checking out brokers and investment advisers: <https://www.sec.gov/investor/brokers.htm>
- The Certified Financial Planner Board of Standards lets you find a registered Certified Financial Planner and check on an adviser's CFP certification: [letsmakeaplan.org](http://letsmakeaplan.org) and [cfp.net/verify](http://cfp.net/verify)

- The North American Securities Administrators Association (NASAA) provides contact information for your state securities regulator:  
**[nasaa.org/about-us/contact-us/contact-your-regulator](http://nasaa.org/about-us/contact-us/contact-your-regulator)**
- The National Association of Insurance Commissioners (NAIC) posts information about consumer education and consumer protection on insurance and retirement security.  
**[http://www.insureuonline.org/insureu\\_retirement\\_security\\_resources.htm](http://www.insureuonline.org/insureu_retirement_security_resources.htm)**

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

U.S. Department of Labor's *A Look at 401(k) Plan Fees*

**(<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/401kFeesEmployee.pdf>)**

AARP has developed a questionnaire that ordinary investors can give to brokers, advisers or others in the investment business to help investors evaluate whether they can entrust their money to the person who fills it out.

**([http://assets.aarp.org/www.aarp.org\\_/articles/bulletin/money/financialquestionnaire.pdf](http://assets.aarp.org/www.aarp.org_/articles/bulletin/money/financialquestionnaire.pdf))**

Certified Financial Planner Board of Standards' *Consumer Guide to Financial Self-Defense*

**([http://www.cfp.net/docs/publications/cfpboard\\_consumer\\_guide\\_to\\_financial\\_self-defense.pdf?sfvrsn=2](http://www.cfp.net/docs/publications/cfpboard_consumer_guide_to_financial_self-defense.pdf?sfvrsn=2))**

The Consumer Financial Protection Bureau's *Know Your Financial Adviser*

**([http://files.consumerfinance.gov/f/201311\\_cfpb\\_flyer\\_senior-financial-advisors.pdf](http://files.consumerfinance.gov/f/201311_cfpb_flyer_senior-financial-advisors.pdf))**

North American Securities Administrators Association's *Understanding Your Brokerage Account Statements* (**<http://www.nasaa.org/wp-content/uploads/2011/08/SIFMA-SIPC-NASAA-Broker-Statements-Brochure.pdf>**)

## **Appendix I:**

### **Questions 401(k) and IRA Investors Should Ask Their Financial Adviser**

- Will you acknowledge in writing that you are a fiduciary when you make investment recommendations to me? In other words, will you agree that you are legally required to make investment recommendations only that are in my best interest? If not, why?
- Are you and your firm complying with the Department of Labor's conflict of interest rule and exemptions on fiduciary investment advice? If you use one of the exemptions, explain the conflict of interest you have that requires you to comply with the exemption.
- Do you have a credential or designation from an accredited program that requires training and that holds its members to strict ethical standards? Does the organization let investors file complaints about people that they have issued adviser designations?
- What fees and expenses will I be charged? Will you give me a list of those fees and expenses, and explain what each fee and expense pays for? Do I pay all of these fees and expenses directly to you or are any fees or charges taken out of my investments?
- Do you or your firm get paid from any other sources in connection with my business with you? Do you or your firm pay anyone else because I opened an account with you or because I make investments that you recommend?
- Do you make more money if I buy some investments instead of others? Explain why.
- Are there any limitations on the investment products you will recommend? If so, what are they? For example, do you sell only your firm's products ("proprietary products") or do you sell products from other companies?
- Under what circumstances will you monitor my investments and make recommendations about changing my investments?
- What are your reasons for recommending a rollover from my current plan or IRA? What are the alternatives to a rollover? Will I have to change my investments if I move my retirement savings to an IRA or a different plan? How do the fees and expenses compare to what I am paying now? Why do you think a rollover is better than leaving my retirement savings in my current retirement plan or IRA?
- What is your experience with giving advice on retirement accounts? What customer references or customer satisfaction surveys are available for my review?

- For other questions to ask, see “Questions You Should Ask About Your Investments and What To Do If You Run Into Problems” at: **[www.sec.gov/investor/pubs/askquestions.htm](http://www.sec.gov/investor/pubs/askquestions.htm)**, and “Where Do I Start” at **[www.finra.org/investors/where-do-i-start](http://www.finra.org/investors/where-do-i-start)**.