

# What Every Investor Should Know...

++++++



## Choosing a Financial Adviser

**W**hen selecting a financial adviser, a first step is to familiarize yourself with what an adviser can do for you, how advisers are compensated, and the meaning and stature of the professional credentials advisers may seek to obtain. This fact sheet provides answers to some of the most commonly asked questions investors face when hiring a financial adviser. You can also learn more by reading other “What Every Investor Should Know” fact sheets from CFA Institute, such as “Managing the Relationship between You and Your Adviser,” “Defining Your Investment Objectives,” and “Why Select a CFA Charterholder.”

### WHY SHOULD I USE A FINANCIAL ADVISER?

Many events motivate people to seek professional investment advice. For example, you may have recently received a large sum of money, gone through a major life change (such as marriage, divorce, the birth of a child, the death of a spouse), or recently retired. You may be dissatisfied with your progress toward investment goals or no longer have the time to manage your own investments.

Do-it-yourself investors may not be as knowledgeable as professional financial advisers within the investment marketplace. Additionally, the demands and complexities of effective investment management can prove challenging even for the most diligent individual investor.

Investors may also think that only an individual with a very substantial net worth (the value of your assets minus your liabilities) can benefit from the personalized attention of a financial adviser. That assumption is incorrect. Regardless of your financial situation, choosing to work with an investment professional may be a wise decision.

It pays to do research to find someone who commits to a strict code of ethics, such as a Chartered Financial Analyst® (CFA®) charterholder. To be eligible for the CFA designation, an individual must:

- sequentially pass three six-hour exams that are widely considered to be among the most challenging in the investment profession;
- adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct;
- have at least four years of work experience in an investment decision-making role;
- be a member of CFA Institute; and
- apply to join a CFA Institute society.

*Because your financial future depends on your adviser’s advice, integrity is of the utmost importance.*

(For more information on the CFA Program, see the CFA designation described in this fact sheet or visit [www.cfainstitute.org/cfaprog/](http://www.cfainstitute.org/cfaprog/).)

Once you decide to use a financial adviser’s services, you should work on determining your investment objectives. Your adviser can help you with this process. To establish a common starting point, review the CFA Institute fact sheet “Defining Your Investment Objectives” with your adviser.





## WHICH TYPES OF FINANCIAL ADVISERS ARE BEST FOR ME?

Advisers have different educational and professional backgrounds, and they also manage their clients' portfolios in a variety of ways. For example, some advisers may offer only investment advice, while others may combine a variety of services (e.g., tax or estate planning) with traditional portfolio management. To make the best choices, it is helpful to understand the differences between the various types of financial advisers.

Regardless of the choice you make, the professional you choose should be willing to refer you to a specialist when an issue arises that is outside the scope of that professional's expertise.

Each of the following categories of experts (presented in alphabetical order) has its own set of educational and credentialing requirements.

**Some of these requirements may vary not only from country to country but from one jurisdiction to another within a country. It is highly recommended that you check with local regulatory authorities and professional associations to understand the depth of an adviser's expertise.**

At the end of this section, you can find helpful websites that will enable you to conduct research on an investment professional's background.

### **Broker: Brokers, Stock Brokers, Registered Representatives:**

Brokers — also called stock brokers, registered representatives, or registered reps — execute the purchase or sale of securities, as directed by the investor. In the United States, brokers:

- are licensed by the state in which they work;
- must have passed the Series 7 exam, which tests their knowledge of securities regulations, markets, and products;
- may be required to pass the Series 63 exam, which tests the broker's knowledge of state securities law (required by most states); and
- must meet continuing education requirements.

Both the Series 7 and Series 63 exams are administered by the National Association of Securities Dealers (NASD), a self-regulatory organization. There are no prerequisites for taking the Series 7 exams, but candidates must be sponsored by a NASD member-firm or by another self-regulatory

organization, an exchange, or a state regulator. Candidates for the Series 63 exam must have passed the Series 7 exam or one of the NASD's other exams for registered representatives.

A broker in Canada must be registered with the relevant provincial or territorial securities commission and meet the proficiency requirements of the Investment Dealers Association (IDA), a self-regulatory organization. The requirements include completing:

- the Canadian Securities Course (CSC);
- the Conduct and Practices Handbook Course;
- a training program while employed by a firm that belongs to the IDA; and
- the Wealth Management Essentials Course within 30 months of his or her approval as a registered representative.

Registered representatives who engage in mutual fund transactions are required to complete the CSC and an approved course on investment funds.

For more information, visit the Investment Dealers Association website or the Canadian Securities Administrators' website.

**Chartered Financial Analyst (CFA):** No professional financial credential is as rigorously focused on investment knowledge as the Chartered Financial Analyst designation. Only investment professionals who demonstrate ethical, professional, and educational excellence earn the CFA charter. Since the first CFA exam was given in 1963 through the December 2006 exam, the combined global pass rate for all three levels of the exams is 52 percent.

Advisers with the CFA credential have:

- earned an undergraduate degree from an accredited university;
- gained at least four years of work experience in an investment decision-making role; and
- passed three rigorous, six-hour examinations that are taken in sequence over at least a two-year period.

All CFA examinations cover investment-related knowledge and understanding, such as:

- ethical and professional standards;



- investment tools, including economics, financial statement analysis, and quantitative analysis;
- asset valuation, including equity, fixed income, derivatives, and alternative investments; and
- portfolio management.

Portfolio management includes both institutional and individual portfolios. The CFA Program course of study covers wealth management as it relates to income, life style, retirement, tax planning, the accumulation and disposition of family wealth, and other key issues. Among the topics candidates may be tested on are the following:

- understanding the client's situation and investment needs and setting risk and return objectives;
- preparing a strategic asset allocation appropriate to the investor;
- comparing the tax efficiency of various types of investments;
- strategies for reducing concentrated equity positions; and
- estate-planning solutions to address risks, including declining purchasing power and outliving one's money.

Successful CFA Program candidates devote an average of at least 250 hours of independent study per CFA exam.

Investors can find CFA charterholders working in a wide range of careers. Many work as investment analysts and strategists, while many others manage large portfolios for pension funds, mutual funds, and insurance companies or manage private-client portfolios for individuals and families.

Every CFA charterholder, regardless of his or her position, is required to sign an annual statement declaring adherence to the stringent CFA Institute Code of Ethics and Standards of Professional Conduct. Among other provisions, the Code and Standards require CFA charterholders to:

- act with integrity;
- practice in a professional and ethical manner;
- exercise independent professional judgment;
- uphold the rules governing capital markets;
- maintain and improve their professional competence; and, most importantly,
- always put clients' interests before their own.

The CFA credential is recognized by many as the "gold standard" of the investment industry. Investors who look for professionals with the CFA designation will find financial advisers with a demonstrated commitment to excellence and protecting client interests.

The CFA Program is administered by CFA Institute; the first CFA charter was awarded in 1963. There are currently more than 76,000 CFA charterholders worldwide. Read the CFA Institute fact sheet "**Why Select a CFA Charterholder?**" for more information on why hiring a CFA charterholder may be a good choice for you.

**Chartered Financial Consultant (ChFC®):** The Chartered Financial Consultant designation was created in 1982 for financial advisers who offer financial planning services to clients. It is awarded by The American College, a financial services educational and accreditation institution. To earn the ChFC designation, advisers must:

- pass eight courses offered by The American College;
- meet continuing education requirements by earning a total of 30 hours of continuing education credits every two years;
- have three years of professional experience; and
- agree to comply with The American College's Code of Ethics and Procedures.

Courses include topics such as:

- insurance and estate planning;
- investments;
- income taxation; and
- planning for retirement needs.

Each course concludes with a two-hour examination.

**Certified Financial Planner™/CFP® certificants:** Individuals who have earned the CFP designation have completed an educational program and passed a two-day, 10-hour examination in the United States (one-day, six-hour exam in Canada). The program includes:

- the financial planning process;
- income taxation;
- retirement, insurance, and estate planning; and
- investments.



CFP certificants have gained at least three years of work experience in a financial planning-related position. They also adhere to a code of ethics and standards of practice and complete 30 hours of continuing education every two years.

The CFP program is administered by the Certified Financial Planner Board of Standards Inc., a professional certification and regulatory organization.

**Certified Investment Management Analyst (CIMA) certificants:**

The CIMA designation is awarded by the Investment Management Consultants Association (IMCA) to individuals who successfully complete a self-study program focusing on investment policy, asset allocation, manager search and selection, ethics, and performance measurement. To earn the CIMA designation, individuals must:

- have three years of client-centered experience in investment consulting;
- pass the two-hour, computer-based Level I exam and pass the four-hour written Level II exam;
- attend a week-long classroom program offered at the Wharton School of Business, the University of California at Berkeley, or the University of Technology in Sydney, Australia;
- adhere to the IMCA Code of Professional Responsibility, Standards of Practice, and Performance Reporting Standards; and
- complete 40 hours of continuing education every two years.

**Certified Public Accountant/Personal Financial Specialist:**

Individuals who hold a Certified Public Accountant (CPA) designation, which is U.S. based, have:

- completed a college/university program in accounting;
- passed a comprehensive test administered by the American Institute of Certified Public Accountants (AICPA); and
- complied with the specific requirements established by the laws of the state in which they practice.

CPAs in good standing may additionally earn the Personal Financial Specialist designation by satisfying pertinent experience and learning requirements and passing certain examinations administered by other organizations, including CFA Institute.

The Canadian equivalent of the CPA is the Chartered Accountant (CA) credential, which is administered by the Canadian Institute of Chartered Accountants (CICA) through its regional offices. Canada's provincial and territorial Institutes/Ordre of Chartered Accountants, the regional education providers for CA professional education, and the CICA work together to ensure the quality and relevance of the profession's national standards and programs.

**Estate Planner:** Estate planners specialize in the management of assets to minimize estate taxes and maximize benefits to heirs. They may also assist with retirement planning. Estate planners may be trained as accountants, attorneys, or financial advisers, but they have special expertise in the area of tax and estate law.

- **Accredited Estate Planner (AEP)** The National Association of Estate Planners and Councils (NAEPC) grants the AEP credential to eligible planners who meet the AEP requirements. The credential is awarded in one of three ways, by:

- passing two graduate-level courses in estate planning administered by The American College, a financial services educational and accreditation institution (the pass rates vary from course to course);
- meeting a 15-year experience requirement; or
- passing "challenge exams" for two specific American College courses in advanced estate planning.

All AEP certificants must certify annually that, among other requirements, they have:

- abided by the NAEPC's code of ethics and
- completed a minimum of 30 hours of continuing education, including 15 hours in estate planning in the last two years.

- **Board Certified in Estate Planning (BCE):** Another credential for financial advisers who offer estate planning services is the Board Certified in Estate Planning. The BCE designation is offered to financial advisers, planners, and brokers who focus on client wealth accumulation, preservation, and distribution. The BCE program is a 60-hour self-study program including, among other topics, trusts and wills, insurance and retirement accounts, and post-death decisions. To earn the designation, planners must pass three one-hour exams and an



open-book case study. The Institute of Business & Finance, an educational and accrediting organization, administers the BCE program.

**Insurance Agent:** In the United States, insurance agents are licensed by the states in which they work to sell and provide advice about insurance products, such as life insurance, disability insurance, and annuities. In addition to becoming state licensed, insurance professionals can earn certifications, such as the Chartered Financial Consultant or the Chartered Life Underwriter designations.

Dozens of different associations exist in the United States for insurance professionals, each with its own focus and membership requirements. Internet searches can provide you with more detail about associations that represent specific types of insurance professionals, such as actuaries and brokers. Information specific to Canada can be found through The American College and the Investment Advisers Association of Canada (also known as Advocis™).

- **Chartered Life Underwriter (CLU®)** Financial advisers with the Chartered Life Underwriter designation have gained proficiency in providing life insurance programs to individuals and businesses. The CLU program is administered by The American College, an educational and accreditation institution. Advisers who earn the CLU designation agree to comply with The American College's Code of Ethics and Procedures and have:
  - successfully completed eight courses on topics such as individual life insurance, insurance law, estate planning, and planning for business owners and professionals. (Elective courses focus on investments, income taxation, and planning for retirement needs, among other topics.);
  - three years of full-time business experience; and
  - completed 30 hours of continuing education every two years.

**Investment Adviser, Financial Consultant:** The terms "investment adviser" and "financial consultant" are generic titles that do not imply the fulfillment of any particular investment educational program, attainment of an investment industry credential, or registration with any governing organization. When someone presents himself or herself as an investment adviser or financial consultant, you should

find out what professional designations they may hold and what rules and regulations apply to their practice before entrusting your investment business to them. In many stock brokerages, stock brokers are called "investment advisers" or "financial consultants."

**Registered Investment Adviser (RIA):** In the United States, a registered investment adviser is simply a firm that manages investments for clients and has submitted the required filings to the U.S. Securities and Exchange Commission (SEC). However, employees at many RIAs have earned one or more of the financial adviser designations that may be described in this fact sheet. The principals and/or employees of an investment advisory firm may be called "portfolio managers," "financial advisers," or "investment counselors."

RIAs have legal and fiduciary obligations to the firm's clients, as mandated by the firm's regulatory authority and the Investment Advisers Act of 1940. Some of the obligations that the SEC imposes, for example, on investment advisory firms include:

- acting in the best interests of clients;
- fully disclosing all fees associated with their services and how these fees are charged;
- fully disclosing whether the firm or an employee of the firm has an affiliation with a broker/dealer or any other securities professionals or issuers; and
- fully disclosing any facts that might cause the firm to render advice that is not "disinterested."

Registrant firms must complete and file with the SEC a Form ADV, which contains information about the adviser and its operations, discloses information related to disciplinary matters, and contains other key disclosures. This form must be made available to clients and should be reviewed before you hire a financial adviser.

**Registered Representative:** *See Broker*

**Trust Officer:** A trust officer is a person or an institution that has a fiduciary duty to administer property, or assets, for another's benefit. The administration of the trust is guided by the trust document, which may give direction on how the property is to be managed.

Trust officers are generally employed by financial institutions to manage assets held in trust. Many trust officers have earned certifications specific to this responsibility.



- **Certified Trust and Financial Adviser (CTFA):** The CTFA credential from the Institute of Certified Bankers (ICB) is available to financial advisers who provide trust, estate, guardianship, and asset management services. ICB is an affiliate of the American Bankers Association.

The four-hour, multiple-choice CTFA exam tests candidates on:

- fiduciary responsibilities and trust activities;
- personal financial planning;
- tax law;
- investment management; and
- ethics.

In order to qualify to take the CTFA exam, a candidate must have:

- 1) a minimum of three years of experience in wealth management and have completed an ICB-approved personal trust training program; five years of experience and a bachelor's degree; or
- 2) five years of experience in wealth management and a bachelor's degree; or
- 3) ten years of experience in wealth management.

Candidates must also:

- submit a letter of recommendation from a manager attesting to the candidate's qualifications;
- sign the ICB's Professional Code of Ethics; and
- complete 45 hours of continuing education every three years.

### **HOW CAN I CHECK THE BACKGROUND OF AN INVESTMENT PROFESSIONAL?**

In the United States, you can learn a lot about any financial advisers required to register with the SEC by requesting a copy of their Form ADV, which advisers must file as part of their registration. In particular, Part II of Form ADV outlines an adviser's services, fees, and strategies.

You can also go online to check the background of securities brokers and those financial advisers required to register with the SEC through the Central Registration Depository, which is managed by the NASD. To learn about state-by-state

reporting requirements for financial advisers and brokers, contact your state securities regulator through the North American Securities Administrators Association.

Other resources for checking the background of an adviser are:

- Certified Financial Planner Board of Standards;
- CFA Institute;
- Institute of Certified Financial Planners;
- National Association of Personal Financial Advisers; and
- National Futures Association.

In Canada, you may get information about Canadian financial services providers by going to the websites of the securities commission for each province and territory.

Canadian investment dealers provide a wide range of products and services, including stocks, bonds, mutual funds, options, and discretionary portfolio management. An investment dealer should be a member of the IDA, the national self-regulatory organization and representative for the Canadian securities industry. The IDA represents approximately 200 member-firms and their employees. Members' activities are regulated in terms of their capital adequacy and conduct of business. All member-firm employees who deal with the public must also be registered.

Outside the United States and Canada, registration requirements and disclosures by financial advisers vary from country to country, so check with your local regulatory authorities for more information.

At the end of this fact sheet is a listing of many organizations (and links to their websites) that may be helpful to you in researching financial advisers.

### **WHAT DO I NEED TO KNOW ABOUT ETHICAL AND PROFESSIONAL STANDARDS?**

Because your financial future depends not only on the skills but also on the advice of your financial adviser, his or her integrity is of the utmost importance. To be certain of the adviser's commitment to your best interests, you should ask if the adviser adheres to a code of ethics.

For example, every CFA charterholder, CFA Institute member, and CFA candidate — more than 150,000 investment professionals worldwide — is required to sign an annual



statement declaring adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. The Code and Standards require professionals to act with integrity, put client interests before their own, practice in a professional and ethical manner, use reasonable care and exercise independent professional judgment, promote the integrity of the capital markets, and maintain and improve professional competence.

Financial advisers who have credentials in addition to, or other than, the CFA designation may also have to follow a code of ethics. Here are just a few:

- Accredited Estate Planner;
- Broker, Stock Broker or Registered Representative;
- Chartered Financial Consultant;
- Chartered Life Underwriter;
- Certified Financial Planner;
- Certified Public Accountant/Personal Finance Specialist; and
- Certified Trust and Financial Adviser.

**Your adviser should be willing to tell you to which set of codes and standards he or she adheres and what they mean in plain language.**

#### **HOW DO INVESTMENT PROFESSIONALS GET PAID?**

Compensation varies with the services provided by the adviser. Clients should thoroughly understand how their adviser is being compensated so that they can better understand the motives behind the adviser's investment suggestions.

In general, advisers may be compensated in three ways:

**1. Commission:** The adviser receives a commission when selling a particular investment product to a client, who absorbs the cost of the commission. An adviser should disclose any arrangements he or she has with other firms (for example, a company that manages mutual funds or underwrites insurance products that the adviser may recommend) when recommending products or services that could generate commissions.

**2. Fee Only:** Some providers, including many financial planners, charge project or hourly fees for any of a range of services. Financial advisers such as CFA charterholders and trust officers tend to work for a fee only, charging a percentage of assets under management or an hourly rate.

**3. Fee Based Plus Commission:** Under this compensation arrangement, the adviser charges a set project or hourly fee and receives commissions on the sale of recommended products and services. Fee-based compensation could also include an asset management fee linked to the performance of the client's account. The asset management fee is typically a small percentage of the assets under management. If the financial plan implemented through the services of the adviser grows in value, the asset management fee will grow, thereby providing the adviser with an incentive to emphasize growth of assets.

Regardless of the kind of adviser you hire to help you meet your financial goals, there is no one "correct" form of compensation. However, it is extremely important that you determine, with input from your financial adviser, the type of compensation that is most appropriate and the total amount of fees that you will pay under each compensation method in a given period.

#### **WHAT QUESTIONS SHOULD I ASK MYSELF BEFORE CHOOSING A FINANCIAL ADVISER?**

Part of choosing the right adviser is understanding exactly what you expect from the relationship. Finding an adviser who matches your investment approach is important, so be sure to do some self-evaluation first. Once you have selected an adviser, you can also ask him or her to re-evaluate your answers to these questions. For more information on this subject, be sure to read the CFA Institute fact sheet "**Defining Your Investment Objectives.**"

Here are some questions to ask:

- What are my investment objectives?
- What growth in my savings is needed to achieve those objectives?
- When will I need to draw out money?
- How do I define risk?
- How much risk am I willing to take?
- What is the range of approaches used by advisers in investing clients' assets? Which approach is right for me?
- What other special circumstances affect my investments?
- Am I looking for a partner who will take more control and will work with me to manage my investments or for someone who will only execute and monitor my investment plan?



- What kind of communication do I want with my adviser?
- Are my needs best met by formal reports, by telephone conversations, or by face-to-face meetings?
- Do I need an adviser who works nearby, or am I comfortable communicating with someone in another location?
- What are the individual's professional credentials?
- How will I evaluate performance?

#### **HOW DO I CHOOSE THE ADVISER THAT IS RIGHT FOR ME?**

After you have thought about what you want and need, you should verify that the adviser you are considering is well qualified, commits to standards of ethical and professional conduct, and is appropriate for helping you meet your financial goals. Here are some questions you may want to ask:

**To determine qualifications and expertise:** What are your professional qualifications and experience? What is your educational background? What licenses and/or certifications do you hold? What are the qualifications of other professionals on your staff? Are you a CFA charterholder? How many CFA charterholders are on your investment staff?

**To make sure that an adviser is properly registered with the appropriate authorities:** With what regulatory authority are you registered? The SEC? The NASD? The state registration or licensing body (United States) or provincial/territorial securities regulators (Canada)? Are you and your firm licensed to sell securities in this state or province/territory? Are you licensed to sell insurance products? May I have a copy of your firm's Form ADV? How long has your firm been in business? How long have you worked for this firm? What is your employment history in the investment industry?

**For a better understanding of the adviser's investing approach:** What is your investment management approach? How long have you been using this approach to manage assets? How does your approach help me reach my investment objectives? What is your performance history?

**To see whether your portfolio is in line with what the adviser currently manages:** What is your typical client profile? Do you have clients similar to me? How many clients do you handle personally? How many clients have left you in the past one to five years? What is your firm's client turnover rate? How many clients does your firm have now compared with five years ago? How has your firm handled changes in its client base?

**To determine whether the adviser commits to stringent ethical and professional standards:** Have you ever been disciplined for unlawful or unethical actions in your professional career? What is your firm's policy on personal /employee trading in securities that are in client portfolios? Is there a written policy that I can see? Are you a member of any professional association, such as CFA Institute? Do you adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct?

**To establish a strong relationship with the adviser:** Will you work directly with me, or will I be working with others on your staff? How often will you communicate with me? What regular reports will I receive? Are you willing to make adjustments as my needs change? If I need special expertise, can you recommend someone? Will you consult with others? *Do you have any questions for me?*

**For an understanding of the adviser's compensation:** How are you paid? Do you make commissions on the products you sell? Do I have a choice as to how you will be compensated? What are the total fees I will pay under your compensation arrangement? Is your compensation arrangement negotiable?

**To understand your portfolio's performance:** How will my portfolio's performance help me meet my investment goals? How will this return be earned (income, capital gains)? Are these results presented on a pre- or after-tax basis? What are the performance features, obligations, and risks of the investment you are proposing? Against what benchmark(s) will my portfolio's performance be measured?

Interviewing potential advisers is absolutely appropriate, and you should feel comfortable asking these questions. It is strongly recommended that you interview more than one adviser so that you can compare strengths and weaknesses and choose the best adviser for your needs.

#### **WHAT QUESTIONS SHOULD AN ADVISER ASK OF ME?**

When meeting with an adviser, he or she should ask you several questions about your investing needs. Remember, it's the adviser's job to understand your investment objectives, tolerance for risk, investment constraints, and special needs. Many investment authorities recommend that you have an investment policy statement, a written document reflecting these goals, needs, and circumstances and the guidelines you wish to establish for the investment of your assets. Here are some questions you should expect a financial adviser to ask:





**For a better understanding of your risk tolerance:** What does “risk” mean to you? Investment professionals measure risk in a variety of ways, e.g., as portfolio volatility or as the chance of achieving a return below some minimum level acceptable to you. You may have a personal perspective on risk that will help the adviser understand your capacity to bear risk — your risk tolerance. Your willingness to take risk and your ability to do so affect your level of risk tolerance. An adviser may ask a number of questions to evaluate your willingness to take risk and the degree to which you can bear unfavorable investment outcomes: How much decline in your portfolio are you willing to accept in a given year? How large a loss is too much? What are your household income and current savings? How will losses affect your life style? A good adviser will seek to grasp your risk tolerance and construct a portfolio with a level of risk that is appropriate for you.

**To determine types of appropriate investments:** What is the time horizon for meeting your goals? Which amount of assets do you want me to manage? What is your tax situation?

**To make sure your investment strategies are in line with any tax and/or legal strategies:** Do you work with other advisers, such as an accountant or estate attorney? Do you need these services? Do you have any tax and/or legal strategies in place that affect your investments? May we coordinate with your other advisers?

#### **HOW CAN I HELP MAINTAIN THE ADVISING RELATIONSHIP?**

When hiring a financial adviser, consider the relationship that you hope to establish. A strong affiliation based on communication and trust is critical to its long-term success.

Read the CFA Institute fact sheet “**Managing the Relationship between You and Your Adviser**” for more information.

#### **WHERE CAN I FIND A FINANCIAL ADVISER?**

Investors locate financial advisers primarily through referrals and the general reputation of advisory firms. Referrals from friends, relatives, and other professionals can quickly put you in touch with an adviser. Be sure to ask anyone who gives you a referral about the steps he or she took to select that adviser. Also, make sure you ask about any positive or negative issues that may have arisen with the adviser.

Investors also turn to the internet to identify providers and to check their qualifications. Organizations such as the American Bar Association, NASD, Certified Financial Planner Board of Standards, Inc., AICPA, SEC, Advocis, and

the National Association of Personal Financial Advisers offer online search services. In addition, most financial advisers have websites that explain their products and services.

#### **WHERE CAN I GET MORE INFORMATION?**

There are many sources of information to help you choose the right adviser and learn more about the investment process. We’ve listed just a few web links that you might find helpful.

**Advocis.** This is the brand name for the Investment Advisers Association of Canada. The association represents thousands of professional financial advisers in Canada.

[www.advocis.ca](http://www.advocis.ca)

**American Association of Individual Investors.** The AAI specializes in providing education in the area of stock investing, mutual funds, portfolio management, and retirement planning. This not-for-profit organization arms investors with the knowledge and tools needed to manage finances effectively and profitably.

[www.aaii.com](http://www.aaii.com)

**American College, The.** Founded in 1927, The American College offers instructional programs to reflect the growing convergence of insurance and other financial services professions. A variety of designation, certificate, graduate-degree, and continuing education programs now complement its long-respected CLU designation.

[www.theamericancollege.edu](http://www.theamericancollege.edu)

**American Institute of Certified Public Accountants.** With more than 330,000 members, the AICPA ([www.aicpa.org](http://www.aicpa.org)) is the leading professional association for CPAs in the United States. The AICPA offers a list of CPA/PFS (Personal Financial Specialist) designees through [www.pfp.aicpa.org](http://www.pfp.aicpa.org).

**Alliance for Investor Education** is dedicated to helping current and prospective investors of all ages understand investing, investments, and the financial markets. It pursues initiatives for education and partners with others to motivate investors to obtain objective information and increase their knowledge and understanding of investing.

[www.investoreducation.org](http://www.investoreducation.org)

**Canadian Institute of Chartered Accountants** represents approximately 71,000 chartered accountants and 9,500 students in Canada and Bermuda. The site has links to each of the provincial and territorial chartered accountant associations.

[www.cica.ca](http://www.cica.ca)



**Canadian Securities Administrators** is a forum for the securities regulators of Canada's 10 provinces and three territories dedicated to bringing consistency and transparency across regulations.

[www.csa-acvm.ca](http://www.csa-acvm.ca)

**Central Registration Depository** is an electronic database of brokers, financial advisers, their representatives, and the firms they work for. The CRD provides investors with information about adviser's education, career, and professional conduct violations.

[www.sec.gov/answers/crd.htm](http://www.sec.gov/answers/crd.htm)

**Certified Financial Planner Board of Standards, Inc.**, is a professional regulatory organization that fosters professional standards in personal financial planning so that the public has access to and benefits from competent financial planning. Individuals who meet rigorous certification requirements are certified by the CFP Board to use the Certified Financial Planner certification.

[www.cfp.net](http://www.cfp.net)

**CFA Institute** is the leading global investment not-for-profit organization for investment professionals. CFA Institute establishes and maintains the highest standards of investment excellence and integrity. The institute also administers the CFA Program and awards the Chartered Financial Analyst (CFA) credential.

[www.trustcfa.org](http://www.trustcfa.org)

**Financial Planners Standards Council** is a Canadian not-for-profit organization established in 1995 to benefit the public and the financial planning profession by establishing and enforcing competency and ethical standards for financial advisers who hold the Certified Financial Planner (CFP) designation.

[www.cfp-ca.org](http://www.cfp-ca.org)

**Institute of Certified Bankers (ICB)**, an affiliate of the American Bankers Association, administers the Certified Trust and Financial Adviser (CTFA) program.

[www.aba.com/ICBCertifications/CTFA.htm](http://www.aba.com/ICBCertifications/CTFA.htm)

**Investment Dealers Association.** With approximately 200 corporate members, the IDA is Canada's national self-regulatory securities organization. It strives to protect the integrity of the investment industry and provide investors with a full and fair marketplace.

[www.ida.ca](http://www.ida.ca)

**Investment Funds Institute of Canada** is the national association of the Canadian investment funds industry. It provides investment information and education.

[www.ific.ca](http://www.ific.ca)

**Investment Industry Association of Canada** is the national association of the securities industry. It acts for its members by profiling and promoting the industry and advocating on behalf of members on regulatory and policy initiatives.

[www.iiac.ca](http://www.iiac.ca)

**Investment Management Consultants Association.** The IMCA is a membership organization whose mission is to ensure quality service to the public by developing and encouraging high standards in the investment consulting profession. The IMCA administers the Certified Investment Management Analyst (CIMA) program.

[www.imca.org](http://www.imca.org)

**National Association of Estate Planners and Councils.** The NAEPC is an organization of professional estate planners and affiliated Estate Planning Councils in the United States focused on establishing and monitoring the highest professional and educational standards.

[www.naepc.org](http://www.naepc.org)

**National Association of Personal Financial Advisers** is the largest professional association of comprehensive, fee-only financial advisers in the United States. Its 900 members and affiliates provide consumers and institutions with financial advice on a fee-only basis.

[www.napfa.org](http://www.napfa.org)

**National Association of Securities Dealers.** The NASD regulates the activities of between 600,000 and 700,000 registered securities professionals. In addition, it regulates the markets operated by the NASDAQ Stock Market, Inc. You may find background information on NASD-registered individuals and firms in the NASD BrokerCheck Program. The NASD does not have regulatory authority over financial advisers.

[www.nasd.com](http://www.nasd.com)

**National Futures Association** is the leading U.S. self-regulatory agency for the futures and commodities industries.

[www.nfa.futures.org](http://www.nfa.futures.org)

**North American Securities Administrators Association** is a voluntary association of firms that was organized in 1919 for the purpose of investor protection. Links to state securities regulators may be found through the NASAA's website.

[www.nasaa.org](http://www.nasaa.org)



**Securities and Exchange Commission** serves as the United State's regulating body for the financial services industry. It oversees and examines all securities transactions within U.S. markets.

[www.sec.gov](http://www.sec.gov)

**(The information in this brochure is believed to be accurate as of the time it was compiled.)**



CFA Institute is the global, not-for-profit professional association that administers the Chartered Financial Analyst® curriculum and examination program worldwide and sets voluntary, ethics-based professional and performance-reporting standards for the investment industry. CFA Institute was known as AIMR (Association for Investment Management and Research) from 1990 to early 2004 and before that, was two separate organizations whose roots go back to 1947. More information may be found at [www.cfainstitute.org](http://www.cfainstitute.org).

*The information contained in this piece is not intended to and does not provide legal, tax, or investment advice. If assistance is required, the services of a competent professional should be sought.*

©2007 CFA Institute

*Contact CFA Institute for more information on its programs and services:*

560 Ray C. Hunt Drive  
P.O. Box 3668  
Charlottesville, VA 22903-0668

(800) 247-8132 **PHONE (USA & CANADA)**  
+1 (434) 951-5499 **PHONE**  
+1 (434) 951-5262 **FAX**

[info@cfainstitute.org](mailto:info@cfainstitute.org) **EMAIL**  
[www.cfainstitute.org](http://www.cfainstitute.org) **INTERNET**

**CHARLOTTESVILLE    NEW YORK    HONG KONG    LONDON**