

How Are Financial Advisors Compensated?

		Main Source of Compensation				Standard of Care		
		Paid by Product Manufacturer or Sponsoring Firm	Paid by Client			Fiduciary*	Suitability	Can Switch
		Product Driven	AUM	Hourly	Retainer			
Advisor	Fee-Only		✓	✓	✓	✓		
	Fee-Based	✓	✓	✓	✓			✓
	Brokers	✓					✓	
	Insurance Agents	✓					✓	

*What is a **Fiduciary**? A professional that puts the client's best interest first *at all times*, adopts a code of ethics, discloses any conflicts of interest, and discloses how they are compensated.

Why does it matter for your investments? Non-fiduciary advisors can recommend investments with higher fees, riskier features, and lower returns because they earn more money for the advisor, even if those investments are not in the best interest of the client.

To ensure your advisor is following the fiduciary standard, ask if they will sign a Fiduciary Oath.

Questions? Feel free to contact us at:
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