CoreStates commitment to fiduciary responsibility

Today, the world is awash with people who want to sell you investment products and services and give you investment advice. Many of them have conflicts of interest that they never disclose.

Investment advisors, on the other hand, have a fiduciary obligation to put your best interests above their own. When you are choosing your portfolio manager, consider these differences between having an investment advisor and someone else manage your portfolio:

Fiduciary vs. Advisor

The SEC requires that investment advisors provide "fiduciary care" – to act in your best interests. Designations such as CFP®, ChFC, CFS and CLU do not establish a fiduciary relationship. Nor does FINRA – holders of Series 7 and other examinations are required only to make recommendations "suitable". Stockbrokers are not fiduciaries. They are in the business of selling investments.

Fees vs. Commissions

Investment advisors do not and cannot earn commissions on investment account transactions, and therefore have no incentive to actively trade your account. If a brokerage firm manages your portfolio, their representative typically earns commissions on trades in your account. They are paid for transactions, not advice.

No Companies To Push

Investment advisors do not provide investment-banking services. They have no incentive to recommend stocks or other securities issued by a specific company. Traditional brokerage-based advisors may represent a firm that does provide investment-banking services. They may be expected to recommend securities underwritten by the firm's investment-banking unit.

Transparent Fee Structure vs. Hidden Fees

Most investment advisors are compensated directly and only from you, with the fee based on the size of your portfolio. You both have incentives for your account to grow. Brokers and "financial planners" may receive compensation through complex, overlapping and often hidden arrangements, none of which typically relate to the success of your investments.