

# INVESTORINFO



## How to Find and Work with an Investment Professional

Are you approaching retirement, or recently retired? Have you experienced a major event in your life that has changed your financial situation? Are you just beginning to invest?

These and other situations might have made you think about contacting an investment professional. Maybe one has recently contacted you. If so, this resource is for you.

### Learn the Basics



- ▶ **RISK:** All investment products carry some degree of risk—and different products carry different types of risk.



- ▶ **DIVERSIFICATION:** Manage risk by spreading out your investments within and among different asset classes, such as stocks AND bonds.



- ▶ **INVESTMENT PERFORMANCE:** Study up on how to figure rate of return and yield.

FINRA's website is a good place to start—  
[www.finra.org/investors](http://www.finra.org/investors)

### FOLLOW THESE STEPS

1. **SHOP SMART.** Ask friends, family and colleagues who already invest for the names of people they've used. Even if you get a good recommendation, do your own independent review. Interview multiple investment professionals—and don't say "yes" to the first person you interview.
2. **WORK WITH REGISTERED FIRMS AND INDIVIDUALS.** Only individuals and firms registered with FINRA, the Securities and Exchange Commission (SEC) and state regulators can buy and sell stocks, bonds and other securities products.

Check backgrounds using these resources:

- **FINRA BrokerCheck**  
[www.finra.org/brokercheck](http://www.finra.org/brokercheck)  
(800) 289-9999
- **SEC's Investment Advisor Public Disclosure database**  
[www.investor.gov](http://www.investor.gov)  
(800) 732-0330
- **Your state securities regulator**  
[www.nasaa.org](http://www.nasaa.org)

### WHO IS FINRA?

FINRA oversees the professionals and firms that sell stocks, bonds, mutual funds and other securities products. As regulators, we can't recommend any particular firm, individual or type of investment professional. Our goal is to equip—and empower—you to weigh your options.

**FINRA**

- 3. UNDERSTAND ACCOUNT OPTIONS.** There are different types of accounts you can choose when working with an investment professional.
- **Discretionary or managed accounts** give levels of trade authority to the investment professional, typically allowing him or her to buy or sell securities in your account without your approval.
  - **Non-discretionary accounts** presume a two-way conversation. You and your investment professional discuss each investment and your investment professional gets your permission before buying and selling securities for your account. The investment professional may make recommendations, but you have the final say on investment decisions related to your account.
  - **Margin accounts** allow you to borrow money from your brokerage firm to purchase securities, which carries risks. Ask whether you are automatically placed into a margin account. If so, what rate of interest is charged, and what circumstances trigger a margin call.
- 4. KNOW THE WARNING SIGNS OF FRAUD.** Financial fraudsters set their sights on people who have money. Often, you can avoid fraud by asking questions and researching any investment professionals you are considering.

Learn more at: [www.finra.org/investors/avoid-fraud](http://www.finra.org/investors/avoid-fraud)

## USE THESE RESOURCES

### FINRA Investor Information

Investor Alerts, tools and much more to help you invest smarter and safer.

#### WEBSITE:

[www.finra.org/investors](http://www.finra.org/investors)

### FINRA Market Data

Data on equities, options, mutual funds and a wide range of bonds.

#### WEBSITE:

[www.finra.org/marketdata](http://www.finra.org/marketdata)

### FINRA Investor Complaint Center

If you feel you've been treated unfairly.

#### WEBSITE:

[www.finra.org/complaint](http://www.finra.org/complaint)

FAX: (866) 397-3290

### FINRA Securities Helpline for Seniors — HELPS®

A toll-free number that senior investors can call to get assistance from FINRA or raise concerns about issues with brokerage accounts and investments.

#### WEBSITE:

[www.finra.org/seniorhelpline](http://www.finra.org/seniorhelpline)

TOLL-FREE: 844-57-HELPS  
(844) 574-3577

### The Alert Investor Newsletter

For more information about saving and investing, subscribe to FINRA's The Alert Investor newsletter.

#### WEBSITE:

[www.finra.org/investor/subscribe](http://www.finra.org/investor/subscribe)



## ASK YOUR INVESTMENT PRO:

1. Are you registered? With what organization?
2. Do you have any disciplinary actions or customer complaints?
3. How are you paid? Commission? Flat Fee? Percentage? Something else?
4. What type of products do you sell? What don't you sell?
5. What level of customer support can I expect to receive?
6. What type of account are you opening: discretionary, non-discretionary, margin?
7. Do you or your firm impose any minimum account balances on customers? What happens if my portfolio falls below the minimum?
8. Are there conflicts of interest that we have not discussed? For example, a broker may receive a larger commission for selling one product over another.

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