

MAKING YOUR BROKER WORK FOR YOU

WALL STREET LONG AGO stopped calling its stock and fund jockeys "brokers," opting for terms like "consultant" or "adviser" instead.

The change occurred as the Street's business model came under increasing attack. Deregulation and technology cut the commissions a firm could charge you to buy or sell stocks. And competition intensified from registered investment advisers, often financial planners, who got paid through annual fees or a combination of fees and commissions. So brokers, too, became "advisers," who could put together and maintain your portfolio or sell you annuities or other financial products, also for an annual fee, plus commissions. With one difference.

A registered investment adviser is required by law to act as a fiduciary—that is, to work in your best interests. He has to tell you about his commissions and disclose possible conflicts of interest. In general, if he must choose between a course of action that makes him more money or one that's better for you, his first obligation is to you.

Your Wall Street adviser typically operates under a "suitability" standard. He can't defraud you or move your mother into Chinese Internet stocks if she needs to live off her dividends. But if his employer wants a certain product pushed because it gets a better cut, he can do so even if you have a better option. The problem, of course, is that consum-

Legislation now in Congress would hold brokers to a higher standard: putting your best interests first.

ers are unaware of the difference between these two sorts of advisers.

Financial reform legislation now in Congress would hold brokers to the same standard of care as planners. Wall Street long opposed this, arguing that it was sufficiently regulated. But recently the industry has expressed a change of heart, agreeing in principle. A skeptic, however, would note that the Street also

seems to be gearing up for a fight over just what "fiduciary" means. The Senate's reform bill, still in committee, would hold brokers to the existing fiduciary standard if they offer investment advice. Securities and Exchange chairman Mary Schapiro, in whose lap this issue will land, tells MONEY she's committed to a rule at least that strong (see page 108). She should hold fast to that position.

Like other "information workers," MONEY staffers spend a lot of time online. What's apparent to us is how much better financial websites and mobile applications have gotten at delivering data that's so personally relevant it allows you to make a decision quickly and confidently. This month's cover story (see page 72) highlights the best of those offerings. I'm sure you'll profit from reading it. ■

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TECH TRACKERS

Reporter Ismat Sarah Mangla and writer Joe Light, along with senior writer Lisa Gibbs (not pictured), scoured the web to find "The 20 Best Money Websites" for this month's cover story (page 72).