



GRAGG & GRAGG, LLP

beyond the traditional

CERTIFIED PUBLIC ACCOUNTANTS

REGISTERED INVESTMENT ADVISOR

WHAT IS A REGISTERED INVESTMENT ADVISOR?

A registered investment advisor (RIA) is an individual or firm, registered with the state or the Securities and Exchange Commission (SEC), who gives investment advice and manages investments for others.

In the United States, there are specific rules and regulations for registered investment advisors. Registration is mandatory under the Investment Advisers Act of 1940. A registered investment advisor gives investment advice for a fee. An individual or firm in this position may also collect fees for managing investment portfolios and assisting in financial planning that includes investments. Sometimes, a client grants a registered investment advisor discretionary authority for the management of his or her investments.

A registered investment advisor has the task of determining the goals of his or her clients, as well as the amount of risk each client can tolerate. When a registered investment advisor is given discretionary authority, he is required to act for the best interest of his client. Assets managed by an RIA are typically invested carefully, as the advisor has a fiduciary relationship with his clients.

HOW IS A REGISTERED INVESTMENT ADVISOR DIFFERENT FROM A BROKERAGE FIRM?

Independent RIAs are held to a higher standard than stockbrokers when it comes to putting investors' interests first and doing the right thing for their clients' investments.

RIAs have a fiduciary duty to act in the best interests of their clients at all times. Brokerage firms generally are not fiduciaries to their customers and therefore do not make decisions that are solely in their customers' best interests.

Investment advisors manage money in the best interests of their clients. They do not engage in other business activities like investment banking or underwriting, which brokerage firms do.

These other businesses may cause a brokerage firm's interest or attention to focus on other areas of the firm outside of their retail brokerage business and customers.

Investment advisors charge clients a fee negotiated in advance and cannot earn any other profits from their clients without the clients' prior consent. Most investment advisors are paid an asset-based fee, so their interests are aligned with their clients. Brokerage firms' revenues may increase even if the customers' assets shrink.



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WHAT SHOULD YOU EXPECT FROM OUR FINANCIAL PLANNING SERVICES?

- A well crafted investment plan grounded in the financial plan, which determines the rate of return needed. This helps you avoid taking more risks than necessary.
- A thorough review of the risks you face and a plan to handle those risks.
- A competent estate plan to minimize costs and ensure your legacy is unimpaired.
- Wise counsel in the management of your financial affairs such as choosing the right mortgage, the best method to save for college or retirement, or strategies for tax savings.

We help you make better decisions. We make your life easier by relieving you of financial concerns and allowing you to live your life more fully, secure in the knowledge that the financial side is well tended.

Bryon Gragg, CPA/PFS | Jay Gragg, CPA/PFS