

Blog

Brokers vs. Advisors: Who's Really on Your Side



Keith Dunn | April 15, 2025



The financial industry loves titles. Titles that sound reassuring. Titles that inspire confidence. Titles that, if we're being honest, can sometimes leave investors with a dangerously false sense of security.

Among the most misleading? The use of the term "advisor" by brokers — a practice that has come under renewed scrutiny by state securities regulators. Last week, the North American Securities Administrators Association (NASAA) formally adopted amendments to its model rules, aiming to curb this exact problem: brokers marketing themselves as "advisors," when in reality they may be sitting across the table from the investor, not on the same side.

What's the Issue?

A true investment advisor is bound by a fiduciary duty — a legal and ethical obligation to act in their clients' best interest, at all times, even if it conflicts with the advisor's own interests. That's the standard registered investment advisors (RIAs) — like EsqWealth — are held to. We sit on the same side of the table as our clients.

Brokers, by contrast, are typically held to a lower “suitability” standard under FINRA rules (though Regulation Best Interest, or “Reg BI,” has modestly raised the bar for retail recommendations). While brokers can recommend investments that are “suitable” for a client, that’s a far cry from recommending what is *best* for the client. In practical terms, “suitable” might still mean steering investors toward products that pay brokers higher commissions or fees — even when lower-cost, better-performing alternatives exist.

In other words, the broker might be wearing a tie, smiling warmly, and calling themselves an “advisor,” but their incentives are, at best, divided.

NASAA's New Action: A Step Toward Clarity

NASAA's latest amendment targets precisely this deception. The association voted to prohibit broker-dealer representatives from calling themselves “advisors” (or “advisers”) unless they are, in fact, licensed as investment advisors. This distinction matters because, as NASAA put it, it’s “deceptive and unethical” for brokers to mislead investors into believing they are acting in a fiduciary capacity.

The new rule also incorporates the SEC’s Reg BI “best interest” language into state models, reinforcing that brokers must at least prioritize their clients’ interests over their own — a move in the right direction, though still not even close to a full fiduciary alignment.

Naturally, Wall Street’s trade groups, like the Securities Industry and Financial Markets Association (SIFMA), objected, hinting at possible legal challenges. After all, clarity for the investor often means discomfort for the institutions profiting from confusion.

Why Investors Should Care

Imagine going into surgery and realizing the surgeon is actually a salesperson for a medical device company — not someone bound to put your health first. You’d probably ask a few more questions before proceeding.

The stakes are no different in wealth management. Financial products can be complex, and fees, commissions, and conflicts of interest can be buried deep in the paperwork. Investors deserve to know whether their “advisor” is legally obligated to act in their best interest — or whether they’re simply operating under a lower standard where your financial health is only one consideration among many.

The Bottom Line

The next time someone offers you financial advice, don’t be afraid to ask:

- Are you a fiduciary?
- Are you always required to act in my best interest?
- How are you compensated?

At EsqWealth, we believe true advice should never require a decoder ring. Our clients deserve transparent, objective guidance, free from divided loyalties. Titles may be free to print, but trust must be earned.

I know this world firsthand. I spent decades working at large brokerage firms, and I saw up close how the industry’s priorities often tilt toward selling commission-based products — and how fiercely firms resist embracing a true fiduciary standard. Many brokers want the benefits of being called “advisors” without taking on the legal and ethical responsibilities that the title should imply.

It’s one of the main reasons I chose to move to a fully independent RIA model: to offer advice that is truly aligned with my clients’ best interests — not the interests of a corporate sales agenda.

That’s why, unlike brokers — and many other professionals in the financial industry — we begin our analysis with a fundamental understanding and unwavering belief that we owe a fiduciary duty to our clients. This duty is not just a marketing phrase; it is a legal obligation, recognized and enforced by courts across the country.

If you want a relationship with your financial professional built on true alignment — not confusion, and certainly not one where a broker’s primary aim is to sell you a product to earn a commission — let’s talk.

The information above is not intended to and should not be construed as specific advice or recommendations for any individual. The opinions voiced are for general information only and are not intended to provide, and should not be relied on for tax, legal, or accounting advice. To discuss specific recommendations for any unique situation, please feel free to contact us.

Share:



Latest Posts



(<https://www.esqwealth.com>) [Login \(https://www.esqwealth.com/login/\)](https://www.esqwealth.com/login/)

(<https://www.esqwealth.com/articles/a-rare-and-time-sensitive-opportunity-in-the-muni-bond-market>)

A Rare and Time-Sensitive Opportunity in the Muni Bond Market (<https://www.esqwealth.com/articles/a-rare-and-time-sensitive-opportunity-in-the-muni-bond-market>)

May 2, 2025

When markets disconnect from fundamentals, they occasionally present investors with short-lived opportunities to act decisively. Such a moment appears to be upon us in the

Read More » (<https://www.esqwealth.com/articles/a-rare-and-time-sensitive-opportunity-in-the-muni-bond-market>)



(<https://www.esqwealth.com/articles/u-s-gdp-contracts-in-q1-2025-understanding-the-numbers-beyond-the-headlines>)