

To be or not to be ... securities licensed?



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COMPLIANCE. Every year, more laws and regulations are added to the insurance and securities industries. With them comes the increased pressure to comply with what some financial advisors consider to be an unfair and unreasonable sales environment.

In fact, some advisors purposely terminate their securities licenses in order to sell annuities, especially equity indexed annuities, under less scrutiny. It's no secret these high-commission and somewhat simple-to-sell "insurements" have created a stir in the financial services industry.

Although fixed annuities (including EIAs) certainly have their place in many investors' portfolios, there are some serious drawbacks to not having a securities license when giving investment advice. Please consider these three important points:

1. Lack of objectivity when making investment recommendations
2. Crossing the line of giving investment advice without the proper license to do so
3. Illegally recommending the liquidation or transfer of securities without a securities license

Many industry professionals are asking themselves the following questions:

- Can I truly service the needs of my clients without a securities license?
- Is it ethical for me to let go of my securities license just so I can be less regulated?
- Are fixed or equity indexed annuities always the best solution to help each of my clients reach his investment objectives?

Advisors in the financial services industry would do well to ponder these questions. Your conclusions may just lead you to:

- Keep the securities license you worked very hard to obtain.

- Work toward acquiring your securities license so you can better service the individual needs of your clients.

Kelly Shaw, a top producer and sales coach to many in the industry [and an SMA columnist], says, "Giving any investment advice without a securities license is a recipe for disaster ... any advisor who looks to be perceived as trustworthy, competent and objective will embrace being held to a higher standard."

Shaw obtained his securities license three years ago. He says he finds the full-service fiduciary responsibility truly rewarding, both professionally and financially.

Indeed, annuities have their place in the financial services industry. In fact, they often may be the best investment choice for many seniors. But if you want to be in a position to give unbiased and impartial advice to all your clients, you need to submit to being regulated by both state and federal organizations that exist for the protection of consumers.

In addition, if you are an insurance agent who primarily sells annuities, we encourage you to take your securities exam. The time may come when all who give investment advice (including annuities) will have to follow the same set of rules.

So isn't it time now to take the opportunity to get ahead of the curve?

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