Consumer Perceptions of Financial Advisory Titles and Implications for Title Regulation

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Abstract

Many professionals in the financial services industry refer to themselves as financial advisers despite tremendous variation in business practices, compensation methods, and duties to act in the best interest of their clients. As a result, both the Securities and Exchange Commission (SEC) and state securities regulators have considered title regulation aimed at promoting consumer clarity. While a recent SEC proposal was ultimately discarded, there is little empirical evidence to inform how consumers actually perceive the use of such titles. This study examines consumer perceptions via a survey of US consumers conducted using Amazon's Mechanical Turk (n = 665). Findings suggest that consumers perceive common industry titles as different from one another in a manner that is consistent with the differentiation of advice professions (e.g., financial adviser, financial planner, financial consultant, investment consultant, investment adviser) from sales professions (e.g., investment salesperson, stockbroker, life insurance agent). Implications regarding the potential efficacy of proposed regulatory frameworks are discussed.

JEL codes: G23, D12, D14, D18

Keywords: financial adviser, investment adviser, brokers, perception, title regulation

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1. Introduction

Consumers face many challenges navigating modern financial markets. For many, financial service professionals play an important role in facilitating the use of financial markets to achieve individual investors' financial goals. However, the financial services industry itself can be difficult to navigate. One potential source of confusion is the common usage of the title of "financial adviser" among professionals with significantly different job functions and obligations to the consumers they serve. This has resulted in many claims that the use of various titles in the financial advisory industry should be regulated to promote consumer clarity.

Recently, both the Securities and Exchange Commission (SEC) and the Nevada Securities Division proposed title regulations aimed at promoting consumer clarity. Under the SEC's proposal, use of the term "adviser" by representatives of a broker-dealer (henceforth "broker") would be prohibited (SEC 2018), as a means to distinguish brokers (who do not have a legal obligation to act in the best interest of their clients) from representatives of a registered investment adviser (henceforth "adviser"), who are held to a fiduciary standard when working with clients.[1] Under Nevada's proposal, a more comprehensive list of terms would be regulated, including titles that contain any of the following: adviser, financial planner, financial consultant, retirement consultant, retirement planner, wealth manager, or counselor (Nevada Secretary of

[1] Lexicographers observe that "adviser" and "advisor" mean the same thing, that both spellings are correct, and that both are widely used. This paper uses "adviser" for consistency, but the term should be interpreted as comprehending both spellings. Many financial professionals serve clients while dually registered as both brokers and investment advisers. As a result, many instances exist in which a broker would be held to a fiduciary standard.

State's Office 2019). Specifically, the use of any of the aforementioned terms in a broker's or sales representative's title, name, or biographical description would limit his or her ability to claim an exemption to the requirement to serve a client under a fiduciary duty. Additionally, any terms identified in the future by Nevada regulators as potentially misleading could be added to this list. One complication under both the SEC and Nevada title regulation proposals is that many of those who refer to themselves as financial advisers work as both brokers and investment advisers, complicating the task of creating a title that accurately reflects professional responsibilities under all circumstances.

While the title regulation component of the SEC proposal has been abandoned, Nevada is still considering reform, and the policy debate also continues in other states. This paper seeks to shed some light on some key issues in that debate by offering additional evidence and insights by examining retail consumer perceptions of the titles commonly used by both brokers and advisers. Specifically, the potential efficacy of both the SEC's and Nevada's proposed title regulations is examined using data gathered through Amazon's Mechanical Turk. The results of this study suggest that consumers do express some commonalities in their perceptions of titles describing professionals who are more sales oriented (e.g., brokers, life insurance agents) and those who are more advice oriented (e.g., financial adviser, financial planner). The potential efficacy of a safe harbor alternative is also discussed, as well as the challenges that may arise in applying the proposed regulations to dually registered representatives.

2. Literature Review

2.1. Regulation of Brokers and Advisers

In the United States, representatives of brokers are regulated by the Financial Industry Regulation Authority (FINRA) (SEC 2008), while representatives of investment advisers are

regulated by either the SEC or state regulators (SEC 2013).[2] Whether an adviser is regulated by the SEC or state regulators depends on several factors, but most commonly the determination is made based on whether the firm an adviser works for has more or less than $100 million in assets under management. If a firm has more than $100 million in assets under management, an adviser would be regulated by the SEC, whereas firms with less than $100 million are often regulated by securities regulators in the states in which an adviser works or serves clients.[3] In practice, many individuals operate as both brokers and advisers, and therefore they are regulated by both FINRA and the SEC.

In recent years, both state and federal regulators have increasingly put forward proposals broadly aimed at clarifying and changing the ways in which brokers and advisers engage with their clients. The Department of Labor's Fiduciary Rule (DOL Fiduciary Rule) attempted to require that both brokers and advisers would generally need to operate under a fiduciary standard (i.e., brokers and advisers would need to put their clients' interests ahead of their own) when working with tax-advantaged retirement accounts regulated under the Employee Retirement Income Security Act of 1974 (ERISA). However, the DOL Fiduciary Rule was highly controversial and faced many legal challenges. As the result of a challenge from the US Chamber of Commerce and the Securities Industries and Financial Markets Association, the US Court of Appeals for the Fifth Circuit issued an order on June 21, 2018, putting into effect an earlier decision from March 2018 to vacate the rule.[4]

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[2] Broker-dealers are regulated by the SEC as well. However, "associated persons" of a broker-dealer (i.e., stockbrokers or registered representatives) generally do not have to register separately with the SEC and are instead required to register only with FINRA. However, brokers who also operate as investment adviser representatives are required to register with the SEC or respective state regulators.

[3] Many states offer a de minimis exemption from registration for firms with five or fewer clients who are residents of a given state. However, not all states allow this de minimis exemption (e.g., Texas requires registration upon acquiring a single client within the state).

[4] US Chamber of Commerce v. Department of Labor, No. 17-10238 (5th Cir. Mar. 15, 2018).

With the DOL Fiduciary Rule no longer moving forward, state securities regulators have begun implementing their own requirements that brokers and advisers operate to a fiduciary or best-interests standard when working with clients. As of March 4, 2019, fiduciary regulations had been adopted or proposed in Connecticut, Illinois, Maryland, Massachusetts, Nevada, New Jersey, and New York (Drinker Biddle 2019). Additionally, the National Association of Insurance Commissioners had introduced fiduciary-related model regulation (Drinker Biddle 2019). Meanwhile, the SEC proposed and then dropped title regulation within a broader Regulation Best Interests package of policies (SEC 2018, 2019), which broadly dealt with many ways in which brokers and advisers engage with clients.

2.2. Consumer Understanding of Financial Advisory Titles

While it is often claimed that consumer confusion exists regarding the common usage of the term "financial adviser" by brokers and investment advisers, there is little empirical evidence to inform how consumers perceive the use of such titles. Past SEC studies have noted consumer confusion regarding the differing standards of care owed to consumers by brokers and investment advisers. In some cases, the evidence presented has been anecdotal (see consumer comments cited in SEC 2011, 94–95), but there are a few empirical studies that provide some insight into consumer perceptions of titles commonly used in the financial services industry.

In 2004, the SEC sponsored a study conducted by Siegel & Gale, LLC, and Gelb Consulting Group, Inc. (This study will hereafter be cited as SGG 2005.) SGG (2005) conducted four 90-minute focus group sessions (two in Baltimore, Maryland, and two in Memphis, Tennessee) to investigate consumer perceptions of the roles and legal obligations of representatives of investment advisers and brokers. The results from the SGG (2005) focus

groups indicate that consumer confusion exists around the use of various titles, although the small sample size of the focus groups (eight or nine participants in each session) was a considerable limitation, and the findings of the study do not inform key questions relevant to the SEC's abandoned reform proposal, such as whether prohibiting the use of "adviser" among brokers would eliminate consumer confusion.

In 2006, the SEC sponsored a RAND survey (n = 654) that assessed consumer perceptions of various financial service professional titles by asking respondents what types of services are typically provided by an individual with a given title (e.g., investment adviser, broker, financial adviser or consultant, and financial planner) (see Hung et al. 2008, table 6.1).[5] The results identified some ways in which consumers were mistaken about the duties of brokers and investment advisers to their clients (e.g., 42 percent of survey respondents indicated that brokers "are required by law to act in the client's best interest," while only 49 percent correctly identified that investment advisers are required to do so). However, consumer perceptions were broadly aligned with industry practices in some respects (e.g., 96 percent of consumers properly indicated that brokers "typically receive commissions on purchases or trades that the client makes," although 43 percent of respondents incorrectly indicated the same for investment advisers). Hung et al. (2008) did find evidence that consumers appear to perceive financial advisers or consultants as more similar to investment advisers than to brokers, which is of particular relevance to title regulation proposals.

In 2010, ORC/Infogroup conducted a survey on behalf of the Consumer Federation of America (CFA) based on responses from 2,012 individuals. CFA (2010) assessed consumer perceptions of titles including investment adviser, financial adviser, financial planner, stockbroker, and insurance agent. This study also found consumer confusion. For instance, two

[5] Hung et al. (2008) is the primary publication resulting from the 2006 RAND survey.

out of three consumers mistakenly believed that stockbrokers are held to a fiduciary standard. However, the methodology in CFA (2010) does limit our ability to gain a nuanced understanding of consumer perceptions. For instance, double-barreled questions were often used (three out of eight questions),[6] making it impossible to determine exactly what some questions were measuring. Additionally, with the exception of demographic questions related to people's investing experience and use of brokers and investment advisers, only one question in CFA (2010) was descriptive rather than normative, allowing for a true assessment of people's perceptions.[7] While normative survey questions can provide valuable insight on a unique dimension of consumer perception (i.e., consumer perceptions of what ought to be rather than what is), the normative nature of the questions does not allow us to differentiate consumers with mistaken perceptions (which, if severe enough, may warrant regulatory intervention) from consumers who are simply stating preferences for a given policy.

In October 2018, the SEC's Office of the Investor Advocate (OIAD) and the RAND Corporation released a report covering both focus groups and a survey that further examined consumer perceptions of financial professionals. In January 2018, RAND conducted focus groups in Baltimore, Maryland, to aid in the development of a subsequent survey of consumers'

[6] The following questions asked respondents about multiple dimensions of fiduciary duty but allowed only a single response to the question: B6 "Some financial professionals are required to comply with what is called a 'fiduciary duty' which means that they are required to put your interests ahead of theirs when making recommendations, and tell you upfront about any fees or commissions they earn and any conflicts of interest that potentially could bias that advice. Based on your understanding, which of the following types of financial professionals are required to uphold this standard?" (CFA 2010, 29); B7 "Do you agree or disagree with the following statement: When you receive investment advice from a financial professional, the person providing the advice should put your interests ahead of theirs and should have to tell you upfront about any fees or commissions they earn and any conflicts of interest that potentially could influence that advice" (CFA 2010, 29); and B8 "Do you agree or disagree with the following statement: When you receive investment advice from an insurance agent—including an agent selling annuities—the insurance agent should have to put your interests ahead of theirs when making those financial recommendations and also tell you upfront about any fees or commissions they earn and any conflicts of interest that could potentially influence their advice" (CFA 2010, 30).

[7] The following question was posed regarding consumer perceptions of stockbrokers: B4 "Based on your knowledge of stockbrokers . . . which one of the following statements do you believe best describes the services they provide to their customers?" (CFA 2010, 28).

“views, attitudes, expectations, and experiences” (Scholl and Hung 2018, 28) working with financial professionals. A total of 35 individuals participated in the focus groups, which were stratified into groups of six to ten participants according to experience investing and working with financial professionals. Focus group sessions covered a range of topics including “perceptions of investment products and related fees, financial services, standards of conduct for financial professionals, compensation of financial professionals, and types of financial professionals” (Scholl and Hung 2018, 16). Participants varied in whether they thought they should be able to assume financial professionals are looking out for their best interests. Scholl and Hung (2018, 78) interpreted the results to suggest that “some individuals might value having a clear distinction between professionals who do and do not act in a client’s best interest.” Many participants expressed a preference for compensation paid directly from the client to a financial professional, although some were open to other forms of compensation (e.g., commissions) so long as such compensation was transparent and the client trusted the professional. Overall, the researchers found that focus group participants had a low understanding of financial services and the various types of financial professionals.

In 2018, the OIAD and RAND conducted a survey of US adults using the RAND American Life Panel (n = 1816) guided by insights from RAND’s 2018 focus groups (Scholl and Hung 2018). Notably, the survey used was developed before the release of the SEC’s best-interest proposal (SEC 2018). Overall, 73 percent of households reported holding investments, while 50 percent of respondents reported they had obtained professional advice at least once. A key objective of the OIAD/RAND study was to assess whether individuals could correctly identify the types of professionals they use. Individuals who used a professional self-reported that professional’s type (either a broker, adviser, or dually registered broker and adviser).

Overall, 54 percent reported that they worked with an adviser, 6 percent reported that they worked with a broker, 34 percent reported that they worked with a dually registered individual, and 6 percent reported that they did not know their professional's type. The researchers then attempted to verify the actual professional's type using the Investment Adviser Public Disclosure database. Of those that could be identified, about 70 percent were actually dually registered, 20 percent were not found in the database, 5 percent were solely brokers, and 5 percent were solely advisers. Among the respondents who were actually working with an adviser, 72 percent had reported they were working with an adviser, 17 percent mistakenly reported their professional was dually registered, and 11 percent did not know what type of professional they were working with.[8] Among the respondents who were actually working with a broker, 5 percent reported they were working with a broker, 74 percent mistakenly reported they were working with an adviser, 16 percent mistakenly reported that their professional was dually registered, and 5 percent did not know what type of professional they were working with.[9] Among the respondents who were actually working with a dually registered professional, 34 percent reported their professional was dually registered, 4 percent mistakenly believed they were working with a broker, 56 percent mistakenly reported they were working with an adviser, 3 percent reported working with some other type of professional, and 3 percent did not know what type of professional they were working with. Notably, one challenge in assessing the findings regarding dually registered individuals is that despite being dually registered, these professionals may truly provide services for a client as either an adviser or a broker.

[8] These percentages should be interpreted with caution, as only 18 verified financial professionals were solely advisers.
[9] These percentages should be interpreted with caution, as only 19 verified financial professionals were solely brokers.

Like the respondents in past studies, respondents in the 2018 OIAD/RAND study again demonstrated confusion regarding the functions of advisers and brokers, with 43 percent mistakenly reporting that brokers are typically paid based on the amount of assets a client is holding, and 32 percent mistakenly reporting that advisers are paid via a commission. Additionally, this study assessed perceptions of job functions of those holding the titles of financial adviser or consultant in comparison with financial planners. From a compensation perspective, individuals perceived both financial advisers/consultants and financial planners to be more similar to investment advisers than to brokers. However, financial advisers, consultants, or planners were perceived as more comprehensive in nature (e.g., providing retirement planning and general financial planning) and less likely to recommend specific investments when compared with an investment adviser.

While past studies do appear to indicate consumer confusion regarding common industry titles, they have not provided the nuance needed to assess the potential efficacy of recent regulatory proposals, such as Nevada's current proposal and the SEC's recently abandoned proposal regarding title regulation. This study seeks to provide additional evidence concerning consumer perceptions of professional titles in the investment brokerage and advice industry.

3. Methodology

3.1. Data

This study uses data collected from an online survey of 665 US adults. Respondents were recruited via Amazon's Mechanical Turk on October 29 and 30, 2018. A financial incentive of $1 was provided for each survey, which was estimated to take 10 to 15 minutes to complete. The survey collected general demographic information, information about respondents' responsibility for making financial decisions in various domains, semantic differential ratings

of 12 occupations using measures previously found to be valid and reliable within prior literature, and assessments of occupational titles that individuals perceived to be the most qualified to address a specific financial matter. Specifically, seven-point semantic differential scales ranging from polar ends of a single dimension (e.g., honesty) were used. Levels specified included "extremely," "quite," and "slightly" on each side of "neutral" (Osgood 1957). Semantic differential scales were used to avoid some bias that is inherent to ratings based on Likert-type scales. Consistent with recommendations from prior literature, polar ends of single dimensions with positive connotations were balanced within the questionnaire so as to further limit bias. Adjectives assessed included honest/dishonest, intelligent/unintelligent, other-serving/self-serving, trustworthy/untrustworthy, helpful/unhelpful, deep/shallow, hardworking/lazy, successful/unsuccessful, caring/uncaring, and feminine/masculine. Adjective pairs surveyed included adjectives from the Evaluation, Potency, and Activity (EPA) dimensions and were specifically selected based on the consistency with which the EPA framework has been verified and replicated within previous studies (Osgood, Suci, and Tannenbaum 1957; Heise 1970). However, for the purposes of the subsequent analyses, the feminine/masculine dimension was not used because of a perceived lack of relevance to the research questions at hand.

To evaluate the large number of titles common within the financial advisory industry without subjecting respondents to fatigue or an overexposure to occupations within a single industry, respondents were randomly assigned to one of six versions of the survey via a link randomizer. All respondents provided assessments of the following occupations: doctor, lawyer, politician, car salesperson, financial adviser, and investment salesperson. Additionally, each respondent received one additional randomly assigned occupation out of the following:

stockbroker, financial planner, financial counselor, investment adviser, investment consultant, and life insurance agent. Additionally, respondents were asked, “If you were seeking assistance with making a financial decision regarding the topics below, which of the following individuals do you believe would provide the best advice?” The full range of financial domains included budgeting, managing day-to-day cash flow, saving, investing, making large purchases, buying life insurance, buying home and auto insurance, and planning for retirement. The answers available for selection were as follows: financial adviser, stockbroker, investment adviser, investment salesperson, financial planner, financial counselor, and insurance agent.

3.2. Analysis: Principal Components and Cluster Analysis

Principal components analysis (PCA) was used to explore whether any higher-level components can reduce the overall dimensionality of factors investigated within this analysis. Factors used within the PCA included semantic differential ratings of other-serving/self-serving, honest/dishonest, trustworthy/untrustworthy, helpful/unhelpful, caring/uncaring, deep/shallow, intelligent/unintelligent, hardworking/lazy, and successful/unsuccessful. Factor loadings were adjusted via oblique promax rotation. Occupational-level component scores generated via PCA were used to conduct a series of k-means cluster analysis ($k = 2$) and examine how, if at all, various occupations clustered together. First, a cluster analysis is conducted only among those titles that are currently and commonly used by brokers and investment advisers (i.e., financial adviser, financial planner, investment adviser, insurance agent, stockbroker). In the second cluster analysis, some hypothetical titles that are not currently and commonly used by brokers and investment advisers are added to those used in the first cluster analysis (i.e., financial counselor and investment salesperson). In the third cluster analysis, advice- and sales-oriented occupations from other industries are added to the

terms analyzed in the first two cluster analyses (i.e., doctor, lawyer, politician, car salesperson).

3.3. Hypotheses

The following hypotheses are tested:

H_1: Titles matter: Individual investors tend to discern between titles in advice-oriented professions and titles in sales-oriented professions.

H_2: Advice-oriented titles are easy to fabricate: Individual investors tend to associate made-up occupational titles with established advice-oriented professions.

If H_1 is supported by this analysis, then, all else being equal, the case for title regulation may be strengthened, as this could be an indication that consumers perceive "financial adviser" as an advice-oriented occupation distinct from sales-oriented occupations such as "broker." If H_2 is supported by this analysis, then, all else being equal, the case for title regulation as recently abandoned by the SEC (i.e., prohibition on the use of the terms "adviser" and "advisor" among brokers) may be weakened, as this could be an indication that brokers could easily get around the proposed policy by simply adopting an occupational title that is different yet perceived in a similar manner by consumers.

4. Results

4.1. Descriptive Statistics and Characteristic Ratings of Occupational Titles

Doctors received the highest scores across all nine dimensions used in this analysis. Lawyers received the second-highest ratings in areas such as intelligence, work ethic, and success, but scored substantially lower in areas such as trustworthiness and honesty. Car salespeople and politicians were among the lowest rated of all occupational titles assessed in this analysis.

Among the titles commonly used by those in the financial advisory industry, financial planner and financial consultant generally scored the highest, while stockbroker and investment salesperson were among the lower-rated titles. Certain characteristics tended to receive higher ratings than others. Appendix A reports sample demographic characteristics for the 665 respondents. Table 1 reports characteristic ratings of various occupational traits. For instance, on the intelligent/unintelligent dimension, the mean score for all occupational titles was above the neutral midpoint of four (i.e., no occupations were rated, on average, as unintelligent), with mean scores ranging from 4.19 (car salesperson) to 6.27 (doctor). By contrast, mean scores on the other-serving/self-serving dimension, with scores above four indicating average ratings of other-serving and scores below four indicating average ratings of self-serving, ranged from 2.47 (car salesperson) to 5.34 (doctor). Strong ($0.60 < r < 0.79$) to very strong ($r \geq 0.80$) correlations were observed among all bivariate correlations of mean characteristic levels by occupational titles. Bivariate correlations are reported in appendix B. The highest correlation was observed between the honest/dishonest and trustworthy/untrustworthy dimensions ($r = 0.99$). The lowest correlation was observed between the honest/dishonest and successful/unsuccessful dimensions ($r = 0.63$).

Table 1. Mean Values of Characteristic Ratings of Occupational Titles

Characteristic	Doctor n = 661	Lawyer n = 659	Politician n = 657	Car salesperson n = 654	Financial adviser n = 654	Investment salesperson n = 654	Stockbroker n = 115	Financial planner n = 109	Financial counselor n = 113	Investment adviser n = 114	Investment consultant n = 105	Life insurance agent n = 98	F	
Honest	5.44	3.54	2.57	2.68	4.73	3.78	3.72	4.94	4.96	4.61	4.56	4.04	210.36	***
Intelligent	6.27	5.97	4.64	4.19	5.67	5.20	5.37	5.66	5.51	5.30	5.63	4.76	124.67	***
Other-serving	5.34	3.53	2.65	2.47	4.22	3.25	2.59	4.54	4.72	4.22	3.92	3.54	167.12	***
Trustworthy	5.71	3.75	2.64	2.69	4.85	3.87	3.76	5.26	5.19	4.71	4.58	3.86	241.38	***
Helpful	5.85	4.85	3.20	3.84	5.15	4.36	4.19	5.31	5.18	4.89	4.90	4.57	146.33	***
Deep	4.91	3.86	2.89	2.74	4.23	3.74	3.50	4.59	4.42	4.12	4.29	3.60	120.59	***
Hardworking	5.88	5.57	4.03	4.36	5.23	4.92	4.96	5.38	5.19	4.96	5.12	4.78	80.03	***
Successful	6.21	5.94	5.21	4.40	5.56	5.21	5.41	5.70	5.44	5.36	5.44	4.81	88.48	***
Caring	5.41	3.76	3.05	3.01	4.45	3.78	3.44	4.71	4.80	4.36	4.36	4.07	137.37	***

Note: F-values are reported for a one-way ANOVA. *$p < 0.05$; **$p < 0.01$; ***$p < 0.0001$.

4.2. Principal Components and Cluster Analysis

PCA was conducted on the mean characteristic ratings by occupational titles ($n = 12$) generated from the survey of 665 adults. The appropriateness of PCA was assessed consistent with prior literature (Kaiser 1974; Cattell 1966; Thurstone 1947; Laerd Statistics 2015). All variables within the correlation matrix were correlated with at least one other variable at a coefficient greater than 0.3 ($min = 0.63$). The overall Kaiser-Meyer-Olkin measure of sampling adequacy (0.718) was adequate for factor analysis according to the guidelines established in Kaiser (1974). No Kaiser-Meyer-Olkin measures for individual variables were below 0.5 ($min = 0.654$), as indicated via the anti-image correlation matrix. Bartlett's test of sphericity was statistically significant ($p < 0.001$), again indicating that these data are suitable for PCA.

Two components were retained after PCA using promax rotation. Consistent with the suggestions of Hendrickson and White (1964), a kappa value of 4 was used in the promax rotation. The two components explained 87.7 percent and 8.7 percent of the variance, respectively. While the eigenvalue for the second component was not greater than one (see appendix C)—a criterion often used in selection of the appropriate number of components for dimension reduction—interpretive and visual criteria were used to justify the inclusion of two dimensions. The leveling out of the scree plot, as identified in Cattell (1966), occurs at the third component, and the rotated solution exhibits the simple structure as suggested by Thurstone (1947), meaning that each variable is primarily loading on only one of the two components.

The two-component solution was also consistent with an intuitive interpretation of the results (see table 2 for component loadings). The first component contained the dimensions of honest/dishonest, other-serving/self-serving, trustworthy/untrustworthy, helpful/unhelpful,

deep/shallow, and caring/uncaring. The second component contained the dimensions of intelligent/unintelligent, hardworking/lazy, and successful/unsuccessful. This study interprets these components to roughly reflect loyalty (component one) and competence (component two). Thus, because the two-component solution made full use of the variables available, the characteristics primarily loaded on only one dimension of either component, and the scree plot leveled out after the third component, it was decided that the two-component solution was the best solution for these data.

Table 2. Principal Components Analysis of Perceived Characteristics of Occupational Titles: Factor Loadings after Oblique Promax Rotation with Kaiser Normalization

Characteristic	Component 1 Loyalty	Component 2 Competence	Unexplained
C1: Loyalty			
Honest	**1.027**	–0.053	0.023
Caring	**1.013**	–0.028	0.015
Other-serving	**0.980**	–0.010	0.053
Trustworthy	**0.958**	0.045	0.017
Helpful	**0.833**	0.182	0.049
Deep	**0.798**	0.245	0.014
C2: Competence			
Successful	–0.127	**1.065**	0.050
Intelligent	0.096	**0.922**	0.010
Hardworking	0.315	**0.699**	0.087

Note: Major loadings for each component are bolded.

Factor scores were generated for each of the 12 occupations within the analysis. Factor scores for loyalty and competence (semantically interpreted as described above) for each occupational title can be plotted in two-dimensional space (see figure 1). Loyalty and competence measures were used to conduct a *k*-means cluster analysis ($k = 2$). The results of the cluster analysis are reported in table 3 and figure 1. The results indicate that when limiting the

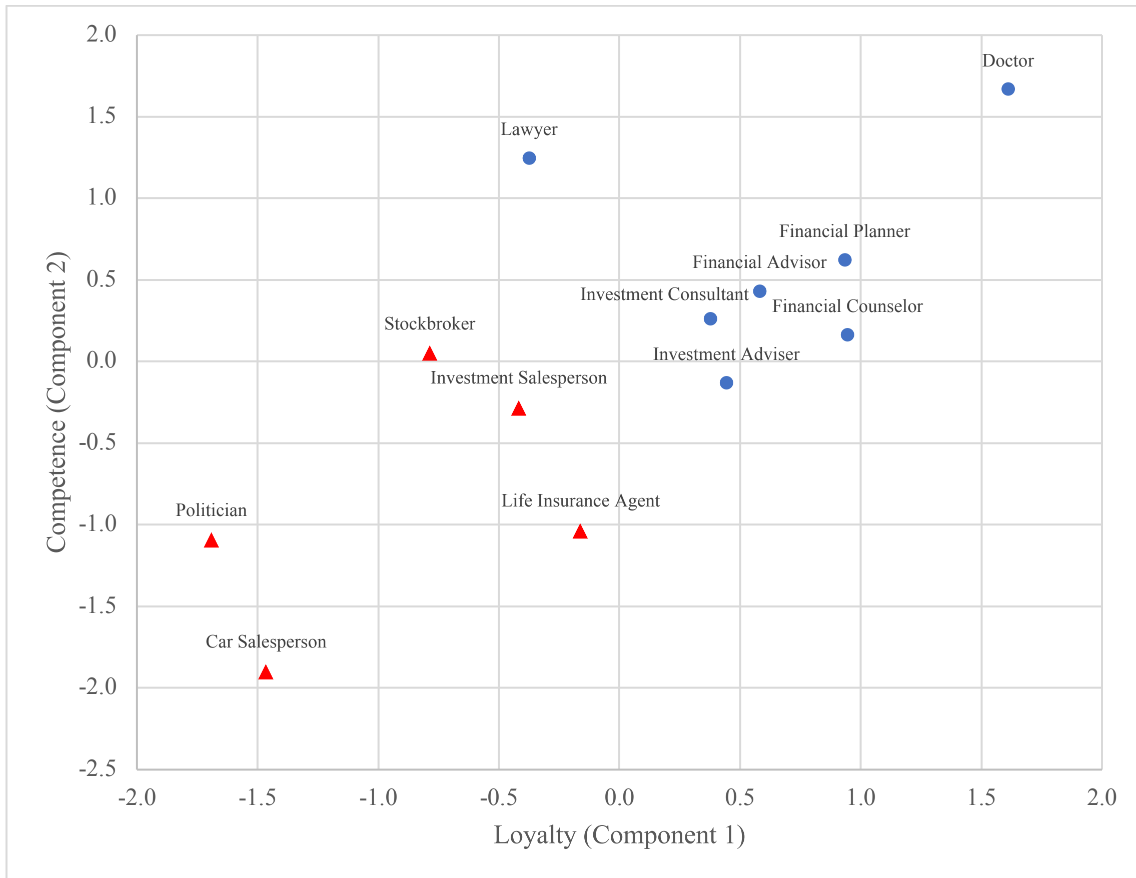
possible titles for clustering to only those that are currently and commonly used by both brokers and advisers, advice-oriented titles (financial adviser, financial planner, investment adviser, and investment consultant) and sales-oriented titles (stockbroker and life insurance agent) each cluster together. When the titles available for clustering are expanded to include hypothetical titles that could be adopted by financial professionals (i.e., financial counselor and investment salesperson), financial counselor joins the cluster of advice-oriented titles while investment salesperson joins the cluster of sales-oriented titles. Finally, when the titles available for clustering are expanded to include titles from other industries (i.e., doctor, lawyer, politician, and car salesperson), doctor and lawyer cluster with advice-oriented titles, whereas politician and car salesperson cluster with sales-oriented titles. Throughout the various clustering analyses, no title changes from clustering with advice-oriented titles to clustering with sales-oriented titles, or vice versa.

Table 3. Grouping of Occupational Titles Based on *k*-Means (k = 2) Cluster Analysis

Occupational title	Cluster 1 Advice professions	Cluster 2 Sales professions
Financial adviser	1, 2, 3	
Financial planner	1, 2, 3	
Investment adviser	1, 2, 3	
Investment consultant	1, 2, 3	
Financial counselor	2, 3	
Doctor	3	
Lawyer	3	
Stockbroker		1, 2, 3
Life insurance agent		1, 2, 3
Investment salesperson		2, 3
Politician		3
Car salesperson		3

Note: Clusters are indicated by sequence. (1) indicates inclusion in the clustering of existing titles used by brokers and investment advisers. (2) indicates inclusion in the clustering of expanded industry titles not currently common among brokers and investment advisers. (3) indicates inclusion in the clustering of all occupational titles assessed.

Figure 1. Factor Scores for Each Occupation Generated through PCA



Note: ● indicates titles included in cluster 1 (advice professions). ▲ indicates titles included in cluster 2 (sales professions).

5. Discussion

5.1. Review of Hypotheses

This study provides the first examination of consumer perceptions of financial professional titles using measures previously found to be valid and reliable in psychological literature. This study also provides an examination of consumer perceptions of professional titles that are not entangled with normative notions about what advisory responsibilities ought to be, as has been the case in some prior studies (e.g., CFA 2010). Overall, the results from this analysis support both H_1 and H_2. Evaluation of occupational titles did cluster in a manner that was consistent

with a consumer differentiation between advice-oriented professions and sales-oriented professions (H_1). Occupational titles commonly used by financial professionals other than "financial adviser" were also found to cluster with advice-oriented professions (H_2). Moreover, terms that are not presently commonly used but could be adopted by financial professionals were found to cluster with advice-oriented titles as well. Specifically, financial consultant, investment consultant, and financial planner also clustered with advice-oriented professions. This finding is consistent with Hung et al.'s (2008) finding that consumers perceive financial advisers as more similar to investment advisers than to brokers. The results from this analysis are relevant to considerations regarding the efficacy of the SEC's recently abandoned prohibition on the use of "adviser" among brokers, since the results suggest that brokers who are prohibited from using "adviser" could adopt alternative titles that are largely perceived in a similar manner by consumers. Further, some alternative titles that could be adopted by brokers under the proposed rules may be held in even higher regard among consumers. For instance, the term "financial planner" scored higher than "financial adviser" on both extracted components of loyalty and competence.

5.2. Implications for Advisory Title Regulation

The ability of brokers (or others who would have been prohibited from using the titles under both the abandoned SEC and the current Nevada proposals) to adopt alternative terminology highlights an inherent weakness associated with prohibiting specific terminology: even the most thoughtful regulation may unintentionally omit some terminology that consumers perceive as similar to the prohibited terminology. A cat-and-mouse game may emerge in which regulators are constantly pursuing industry participants who are seeking the most positively perceived terminologies that are not specifically prohibited, even though this terminology may

not actually promote consumer clarity as intended. The potential for the continual pursuit of confusing terminology is explicitly expressed within Nevada's proposed regulations by giving Nevada regulators the authority to expand the list of terms that cannot be used by those who wish to operate with an exemption to their fiduciary duty to clients. The challenges inherent in trying to identify a single list of prohibited terms warrant further consideration, as the potential for repeatedly shifting terminology may ultimately end up resulting in even greater consumer confusion, particularly given that shifts would be occurring because of exogenous shocks resulting from regulatory change rather than endogenous change owing to the natural evolution of language.

Furthermore, despite being compensated via commissions for selling financial products, many brokers may possibly be acting in a manner in which consumers do genuinely perceive them to be acting as financial advisers, and consumers may prefer to work with an adviser who receives more transactionally oriented compensation rather than an ongoing fee (e.g., a buy-and-hold investor who is primarily seeking advice at the time of purchasing a financial product). This possibility would be consistent with findings from prior studies (e.g., Hung et al. 2008; Scholl and Hung 2018). Prohibition of the use of certain terms among consumers and producers who believe the terms accurately convey the relationship could have the unintended consequence of pushing producers away from a particular business model and ultimately reducing consumer choice in the marketplace.

Another challenge for regulators is the application of title regulation to financial advisers operating while dually registered as brokers and investment advisers. Under the abandoned proposal put forward by the SEC, dually registered brokers would still be able to use the title of "adviser" given their potential capacity to work as investment advisers. Confusion surrounding

the potential capacity in which a professional is working is intended to be addressed by disclosures via the proposed Form CRS Relationship Summary (SEC 2018). This relationship summary would provide specific details about when a firm engages in each capacity, but it would do nothing to address the problems associated with higher-level classification (or misclassification) of professionals based on occupational titles. An individual seeking a "financial adviser" could end up with a professional who works primarily as an investment adviser, primarily as a broker, or anywhere in between. As the findings of this study suggest, there are considerable differences in consumer selection of professionals based on title. For example, consumers selected financial planner and financial adviser as the most qualified to provide retirement advice at rates of 44 percent and 28 percent, respectively, whereas only 1 percent and 3 percent selected stockbroker or investment salesperson, respectively. Differences of this magnitude do seem to suggest that consumers perceive these titles differently. However, as has been noted by some in the advisory industry (Kitces 2018), the most recently proposed rules would allow professionals to use the title of "adviser" simply by becoming an investment adviser representative, even if the individual continued to work solely as a broker.

In comparison with the SEC's recently abandoned proposal, Nevada's current proposal seems to do a relatively better job at capturing terms that are likely to be perceived as advice-oriented titles. While many of the specific terms in the Nevada proposal are not tested in this analysis, financial planner and titles including both counselor and consultant clustered with advice-oriented titles such as financial adviser. The titles of retirement planner and wealth manager may be the most distinct compared with the titles analyzed in this study; however, there is reason to suspect that "planner" may be perceived somewhat similarly regardless of whether it is prefixed with "financial" or "retirement." More generally, longer lists of regulated terminology

such as the Nevada proposal may be more effective when targeting certain terminology regardless of what terms come directly before or after such language. For instance, "investment consultant" would be permitted under the Nevada proposal, although both "financial consultant" and "retirement consultant" would not. Targeting the term "consultant" (as Nevada does with the term "counselor") may be more effective than pursuing the many variants of titles that could incorporate consultant in one manner or another.

5.3. A "Safe Harbor" as an Alternative Form of Title Regulation

One alternative approach is that of a safe harbor—in which certain terminology is approved for use by the SEC, state regulators, or both, but no terminology is specifically prohibited (subject to regulatory requirements that any language outside of the safe harbor is still not determined to be materially misleading by the regulatory authorities overseeing a broker or adviser). For instance, the SEC and state regulators could issue no-action letters stating that the use of certain terminology among brokers—for example, broker, stockbroker, and investment salesperson—would all be deemed to be "safe" for the purposes of avoiding consumer confusion. Alternatively, safe harbors could be built into the actual rulemaking language of the SEC and state regulators. In the case of state regulators, a model rule issued by the North American Securities Administrators Association and subsequently adopted by the states could provide uniformity among states to further promote consumer clarity.

A safe harbor approach may prove to be more stable and less prone to cat-and-mouse-type enforcement problems while still providing a clear and consistent set of rules that firms, brokers, and advisers can abide by. Furthermore, a safe harbor approach may also be less prone to unintentionally stifling innovation or reducing consumer choice, as it still permits individuals to use terminology so long as such terminology is not subsequently deemed to be misleading

when firms are regularly examined via their respective regulators (or as part of a special examination owing to consumer complaints). There is some risk that a safe harbor approach may leave consumers more vulnerable to producers using misleading terminology that goes undetected by regulators, although ongoing review of title use can still provide a means to catch firms that are using misleading terminology, while keeping the door open for innovation and the possibility that firms may be able to use terminology outside of the safe harbor in a manner that is not materially misleading. While the present study cannot speak to the efficacy of a safe harbor approach versus specifically prohibiting certain terminology, any variation that emerges in the adoption of future title regulation policies (e.g., state-level differences) could provide natural experiments that allow for empirically testing such approaches directly.

5.4. Limitations and Future Research

The same occupational titles applied to different individuals in real-world contexts could influence consumer decision-making in various ways. For instance, “financial adviser” may be perceived by consumers differently when the title is attached to individuals with different characteristics. Perhaps a financial adviser with experience and credentials who adopts a holistic approach to counseling clients is the type of financial adviser that came to mind when respondents were prompted to indicate which professional would give the best retirement advice, whereas a financial adviser who lacks this particular constellation of traits—perhaps having limited experience or adopting an approach of continually searching for and selling clients on high-potential stocks—would activate overlapping but slightly different perceptions that result in a different classification of the adviser’s qualifications for giving retirement advice. Analyzing classification at this level of contextual nuance is beyond the scope of this paper; but this contextual nuance is nonetheless important to consumer classification of

occupational titles, and the insights of this study could be enhanced through further investigation in these areas. Additionally, it should not be assumed that perceptions are invariant to regulatory regime change. Changes in regulatory policy going forward will also influence how consumers perceive various terms, and the potential for such changes should be considered when envisioning the consequences of rules in the present as well as relying on past measures to provide an understanding of consumer perceptions in the future.

6. Conclusion

This study sought to explore consumer perceptions of titles commonly used by brokers and advisers. It found meaningful differences in consumer perceptions of occupational titles between sales-oriented and advice-oriented titles using perceptual measures found to be valid and reliable in prior literature. Specifically, advice-oriented titles (e.g., financial adviser, financial planner, investment adviser, investment consultant, and financial counselor) are perceived as different from sales-oriented titles (e.g., stockbroker, life insurance agent, investments salesperson) when evaluated across perceptual dimensions of competence and loyalty. This finding points out the potential pitfalls in the sort of reform that the SEC proposed and more recently abandoned. While the Nevada proposal may be structured in a manner that captures more of the terminology that consumers may perceive as advice-oriented titles, both the SEC and state regulators may wish to consider how a safe harbor approach could provide the same consumer and firm clarity with less burdensome requirements with respect to regulatory foresight or ongoing requirements to maintain lists of restricted terminology.

Appendix A. Sample Characteristics (*n* = 665)

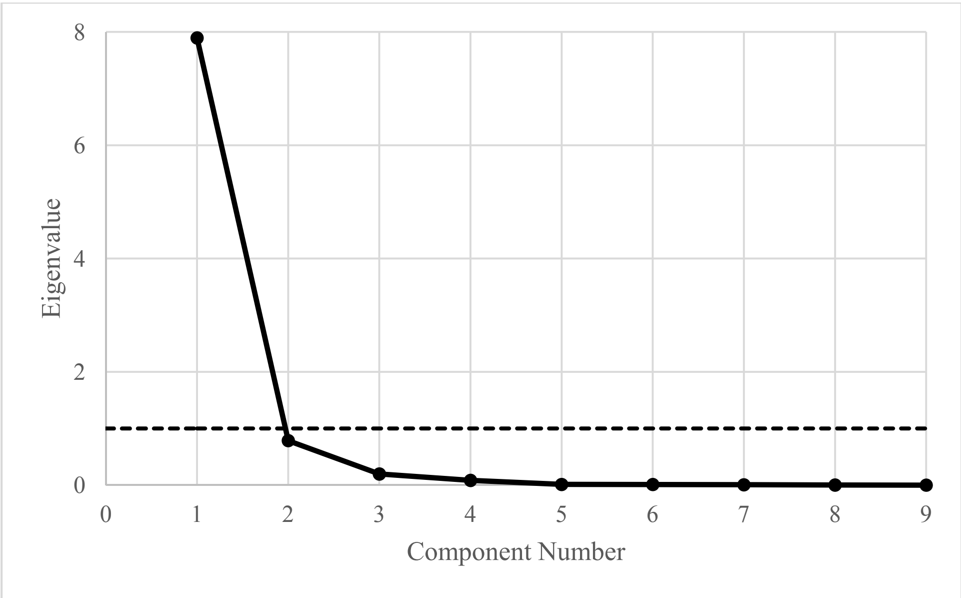
Variable	*n*	%
Gender		
Male	360	54.1
Female	305	45.9
Age		
18 to 29	143	21.5
30 to 39	278	41.7
40 to 49	124	18.6
50 to 59	75	11.3
60 or older	46	6.9
Marital status		
Single (never married)	306	46.2
Married or in a domestic partnership	301	45.5
Widowed	7	1.1
Divorced	43	6.5
Separated	5	0.8
Education		
Less than high school	3	0.5
High school diploma or equivalent	172	25.9
Associate’s degree	118	17.7
Bachelor’s degree	289	43.5
Master’s degree or higher	83	12.5
Employment		
Full time (35 or more hours per week)	504	76.1
Part time (up to 34 hours per week)	70	10.6
Unemployed and currently looking for work	29	4.4
Unemployed and not currently looking for work	8	1.2
Homemaker	24	3.6
Student	3	0.5
Retired	17	2.6
Unable to work	7	1.1
Income		
Less than $30k	169	25.5
$30k to $49k	157	23.7
$50k to $74k	170	25.6
$75k or higher	167	25.2
Considers oneself retired		
No	645	97.4
Yes	17	2.6

Note: Some categories do not sum to 665 owing to missing data.

Appendix B. Correlations among Ratings of Occupational Characteristics

	Honest	Intelligent	Other-serving	Trustworthy	Helpful	Deep	Hardworking	Successful	Caring
Honest	1.000								
Intelligent	0.756	1.000							
Other-serving	0.936	0.742	1.000						
Trustworthy	0.992	0.794	0.951	1.000					
Helpful	0.940	0.824	0.927	0.948	1.000				
Deep	0.968	0.870	0.946	0.982	0.954	1.000			
Hardworking	0.794	0.934	0.776	0.821	0.922	0.877	1.000		
Successful	0.625	0.953	0.671	0.684	0.685	0.769	0.826	1.000	
Caring	0.975	0.757	0.983	0.977	0.945	0.966	0.801	0.658	1.000

Appendix C. Scree Plot of Eigenvalues after PCA



Appendix D. Multinomial Logistic Regression

Multinomial logistic regression analyses of the professional titles selected by respondents as being able to provide the best advice across different domains were conducted in order to explore how consumer characteristics correlate with perceptions of professional titles. Because some occupational titles were selected by a small number of individuals within a given domain, any titles selected by fewer than 50 individuals within a particular domain were collapsed into an "Other" category. The number of dependent variables ranged from three to five between domains. Listwise deletion was used to handle missing data. Sample sizes ranged from 632 to 642 owing to listwise deletion of missing data unique to certain regressions. In the following sections, a detailed write-up of results is provided only for the budgeting regression in section D.1., although the same logic of interpretation would apply to all regressions. Findings particularly relevant to advisory title regulation are noted for other regressions. Results from the full series of multinomial logistic regressions are presented below. Rates of occupational title selection within various financial domains are presented in appendix E.

Appendix D. Marginal Effects Results from Multinomial Logistic Regressions Predicting Selected Professional Use within Different Financial Domains

	Budgeting				Saving					Investing		
	FA	FC	FP	Other	FA	FC	FP	IA	Other	FA	IA	Other
Pr(y|base)	0.263	0.294	0.382	0.061	0.326	0.161	0.320	0.146	0.047	0.099	0.662	0.239
Gender												
Male vs Female	0.020	-0.070 †	0.045	0.005	0.073 †	0.020	-0.096 *	-0.022	0.026	-0.024	0.004	0.019
Age												
30-39 vs 18-29	-0.085 †	0.095 *	0.092 †	-0.103 **	-0.009	0.040	0.079 †	-0.058	-0.052	0.032	0.000	-0.032
40-49 vs 18-29	-0.107 †	0.260 ***	-0.008	-0.145 ***	-0.003	-0.006	0.175 **	-0.085 †	-0.080 *	0.033	0.067	-0.099 †
50-59 vs 18-29	-0.077	0.339 ***	-0.126 †	-0.136 **	-0.020	0.174 **	0.019	-0.107 *	-0.066 †	-0.018	-0.015	0.033
60+ vs 18-29	-0.121	0.385 ***	-0.142 †	-0.123 *	-0.060	0.059	0.191 *	-0.088	-0.103 **	0.057	-0.040	-0.017
40-49 vs 30-39	-0.022	0.165 **	-0.101 †	-0.042 *	0.006	-0.047	0.096 †	-0.027	-0.027	0.001	0.066	-0.067
50-59 vs 30-39	0.008	0.244 ***	-0.218 ***	-0.033	-0.011	0.133 *	-0.060	-0.048	-0.014	-0.050	-0.015	0.065
60+ vs 30-39	-0.036	0.290 ***	-0.234 **	-0.020	-0.051	0.018	0.112	-0.029	-0.050 ***	0.025	-0.040	0.016
50-59 vs 40-49	0.030	0.079	-0.117 †	0.009	-0.017	0.180 **	-0.156 *	-0.021	0.013	-0.050	-0.082	0.132 *
60+ vs 40-49	-0.014	0.125	-0.133 †	0.022	-0.057	0.065	0.017	-0.002	-0.023 †	0.024	-0.106	0.082
60+ vs 50-59	-0.044	0.046	-0.016	0.014	-0.040	-0.115	0.172 †	0.019	-0.036 †	0.074	-0.025	-0.050
Marital Status												
Other vs Married	0.013	-0.048	0.066	-0.031	0.010	0.001	-0.097	0.076	0.011	0.010	0.098	-0.109 †
Single vs Married	-0.011	0.051	0.017	-0.057 *	0.120 **	0.021	-0.023	-0.061 †	-0.056 **	0.001	0.069	-0.069 †
Single vs Other	-0.023	0.098 †	-0.049	-0.026	0.110	0.020	0.074	-0.136 *	-0.067	-0.010	-0.030	0.039
Education												
Grad vs Undergrad	-0.059	0.018	-0.028	0.069 †	0.019	-0.022	-0.059	0.062	0.000	-0.004	0.041	-0.037
HS vs Undergrad	0.011	0.023	-0.020	-0.013	0.005	-0.011	0.011	0.034	-0.038 *	-0.035	0.098 *	-0.063
HS vs Grad	0.070	0.004	0.008	-0.082 *	-0.015	0.011	0.070	-0.027	-0.038	-0.032	0.057	-0.025
Income												
<30k vs 30-49k	-0.124 *	0.076	0.035	0.013	-0.017	0.000	0.002	-0.005	0.020	0.038	0.008	-0.046
50-74k vs 30-49k	-0.121 *	-0.008	0.124 *	0.006	-0.001	-0.021	0.057	-0.035	0.000	0.024	-0.007	-0.017
75k+ vs 30-49k	-0.148 **	0.069	0.058	0.022	-0.033	0.069	0.040	-0.074 †	-0.002	0.056	-0.058	0.001
75k+ vs 50-74k	-0.027	0.077	-0.066	0.016	-0.032	0.090 *	-0.016	-0.039	-0.002	0.032	-0.051	0.019
<30k vs 50-74k	-0.003	0.085 †	-0.089	0.007	-0.016	0.021	-0.055	0.030	0.020	0.014	0.015	-0.029
<30k vs 75k+	0.025	0.008	-0.023	-0.009	0.016	-0.069	-0.038	0.069 †	0.022	-0.018	0.066	-0.048
Domain Responsibility												
Partner vs NA	0.238 **	-0.011	-0.097	-0.130	0.102	-0.308 **	0.249 †	-0.094	0.052	0.057	-0.088	0.032
Self vs NA	0.275 ***	-0.159	0.023	-0.138	0.120	-0.234 *	0.105	-0.052	0.060 ***	0.030	-0.107 †	0.077
Shared vs NA	0.259 ***	-0.168	0.072	-0.163	0.137	-0.195 †	0.114	-0.084	0.029 *	0.050	-0.083	0.033
Self vs Partner	0.037	-0.149	0.121	-0.009	0.018	0.075	-0.143	0.042	0.009	-0.027	-0.019	0.046
Shared vs Partner	0.021	-0.157	0.169 †	-0.033	0.035	0.113 *	-0.135	0.010	-0.023	-0.007	0.006	0.001
Shared vs Self	-0.016	-0.008	0.049	-0.025	0.017	0.039	0.008	-0.032	-0.032 †	0.020	0.025	-0.045
Breadwinner Status												
Breadwinner vs No	-0.043	-0.083 †	0.102 *	0.024	-0.051	0.019	0.014	0.050	-0.032	0.004	-0.013	0.009

	Large Purchase				Life Insurance			
	FA	FC	FP	Other	FA	FP	InsA	Other
Pr(y|base)	0.377	0.211	0.260	0.152	0.082	0.085	0.711	0.122
Gender								
Male vs Female	0.051	0.001	-0.033	-0.018	0.008	-0.008	-0.058	0.059 *
Age								
30-39 vs 18-29	-0.023	-0.033	0.151 ***	-0.095 *	-0.026	-0.033	0.185 ***	-0.126 **
40-49 vs 18-29	0.029	0.047	0.043	-0.120 *	-0.039	-0.051	0.220 ***	-0.130 **
50-59 vs 18-29	-0.146 *	0.185 **	0.053	-0.092	-0.084 *	0.013	0.172 *	-0.101 †
60+ vs 18-29	-0.096	0.020	0.181 *	-0.104	-0.064	0.008	0.241 **	-0.184 ***
40-49 vs 30-39	0.052	0.081 †	-0.108 *	-0.025	-0.013	-0.018	0.035	-0.004
50-59 vs 30-39	-0.123 *	0.218 **	-0.098	0.003	-0.058 *	0.046	-0.013	0.025
60+ vs 30-39	-0.074	0.053	0.030	-0.010	-0.038	0.041	0.056	-0.058 †
50-59 vs 40-49	-0.175 *	0.137 †	0.010	0.028	-0.045	0.063	-0.048	0.030
60+ vs 40-49	-0.125	-0.027	0.137 †	0.015	-0.026	0.059	0.021	-0.054
60+ vs 50-59	0.050	-0.164 †	0.127	-0.013	0.020	-0.005	0.069	-0.084 †
Marital Status								
Other vs Married	-0.001	0.007	0.078	-0.084	-0.043	-0.042	0.125 †	-0.040
Single vs Married	-0.009	0.031	0.027	-0.049	-0.016	-0.045	0.133 **	-0.072 *
Single vs Other	-0.008	0.023	-0.050	0.035	0.027	-0.003	0.008	-0.032
Education								
Grad vs Undergrad	-0.044	-0.002	-0.008	0.054	0.023	-0.027	-0.044	0.048
HS vs Undergrad	0.000	-0.011	-0.015	0.027	-0.044 †	-0.057 *	0.120 **	-0.019
HS vs Grad	0.044	-0.010	-0.007	-0.027	-0.067	-0.029	0.164 **	-0.067
Income								
<30k vs 30-49k	0.023	0.058	-0.091 †	0.010	-0.005	0.012	-0.041	0.034
50-74k vs 30-49k	-0.002	0.044	0.014	-0.056	-0.012	0.004	0.052	-0.044
75k+ vs 30-49k	-0.016	0.060	0.000	-0.044	-0.013	0.002	-0.045	0.056
75k+ vs 50-74k	-0.014	0.016	-0.014	0.012	-0.002	-0.001	-0.097 *	0.100 **
<30k vs 50-74k	0.025	0.015	-0.105 *	0.065	0.006	0.008	-0.093 †	0.079 *
<30k vs 75k+	0.039	-0.002	-0.091 †	0.054	0.008	0.010	0.004	-0.022
Domain Responsibility								
Partner vs NA	0.127	-0.112	-0.038	0.022	-0.002	-0.003	-0.058	0.063
Self vs NA	0.087	-0.001	0.037	-0.123	0.064 *	0.011	-0.082 †	0.007
Shared vs NA	0.156	0.022	-0.040	-0.138	0.020	-0.013	0.017	-0.023
Self vs Partner	-0.040	0.110	0.075	-0.145	0.066	0.014	-0.023	-0.056
Shared vs Partner	0.028	0.134 *	-0.002	-0.160 †	0.022	-0.010	0.075	-0.087
Shared vs Self	0.069	0.024	-0.077	-0.015	-0.044	-0.024	0.098 *	-0.030
Breadwinner Status								
Breadwinner vs No	0.025	-0.047	-0.018	0.040	-0.053 †	-0.019	0.038	0.034

	Home and Auto Insurance				Retirement				
	FA	FP	InsA	Other	FA	FC	FP	IA	Other
Pr(y|base)	0.087	0.078	0.724	0.111	0.279	0.095	0.441	0.142	0.042
Gender									
Male vs Female	-0.001	0.007	-0.023	0.017	-0.025	0.001	0.029	-0.023	0.019
Age									
30-39 vs 18-29	-0.029	-0.051	0.166 **	-0.086 *	0.057	-0.048	0.004	-0.007	-0.007
40-49 vs 18-29	-0.045	-0.082 *	0.189 **	-0.061	0.108 †	-0.053	0.013	-0.014	-0.054 *
50-59 vs 18-29	-0.082 *	-0.086 *	0.257 ***	-0.088 †	0.068	-0.031	0.084	-0.072	-0.049 †
60+ vs 18-29	-0.051	-0.098 *	0.327 ***	-0.179 ***	0.012	-0.073	0.102	-0.014	-0.027
40-49 vs 30-39	-0.017	-0.031	0.023	0.025	0.051	-0.005	0.008	-0.006	-0.048 **
50-59 vs 30-39	-0.053 †	-0.035	0.091 †	-0.002	0.010	0.017	0.080	-0.065 †	-0.042 *
60+ vs 30-39	-0.022	-0.047	0.161 **	-0.093 ***	-0.045	-0.025	0.098	-0.007	-0.021
50-59 vs 40-49	-0.037	-0.004	0.068	-0.027	-0.040	0.022	0.071	-0.058	0.005
60+ vs 40-49	-0.005	-0.015	0.139 *	-0.118 ***	-0.096	-0.020	0.089	0.000	0.027
60+ vs 50-59	0.032	-0.012	0.071	-0.091 **	-0.055	-0.042	0.018	0.058	0.022
Marital Status									
Other vs Married	0.027	-0.012	0.093	-0.108 **	0.022	0.041	-0.027	-0.043	0.006
Single vs Married	0.020	-0.061 *	0.076 †	-0.034	-0.017	0.023	0.057	-0.035	-0.028
Single vs Other	-0.007	-0.050	-0.017	0.074 *	-0.039	-0.018	0.083	0.007	-0.033
Education									
Grad vs Undergrad	-0.010	0.010	-0.084	0.084 †	-0.050	0.042	-0.052	0.032	0.028
HS vs Undergrad	-0.046 †	-0.035	0.103 **	-0.022	-0.032	0.014	0.002	0.030	-0.013
HS vs Grad	-0.036	-0.045	0.187 **	-0.106 *	0.018	-0.029	0.054	-0.002	-0.041
Income									
<30k vs 30-49k	0.026	0.005	-0.046	0.015	-0.089 †	0.025	-0.030	0.089 *	0.004
50-74k vs 30-49k	0.029	-0.011	0.013	-0.031	-0.013	-0.026	0.024	0.023	-0.008
75k+ vs 30-49k	0.059 †	-0.004	-0.079	0.023	-0.046	-0.013	0.031	0.027	0.001
75k+ vs 50-74k	0.031	0.007	-0.092 †	0.054	-0.033	0.013	0.007	0.005	0.009
<30k vs 50-74k	-0.003	0.016	-0.059	0.046	-0.076	0.051	-0.054	0.067	0.011
<30k vs 75k+	-0.033	0.009	0.033	-0.008	-0.043	0.038	-0.060	0.062	0.003
Domain Responsibility									
Partner vs NA	-0.049	0.090	-0.002	-0.039	0.082	-0.043	-0.061	0.031	-0.010
Self vs NA	0.027	0.063 *	-0.091	0.001	0.051	0.007	0.038	-0.011	-0.086 †
Shared vs NA	0.021	0.036	-0.048	-0.009	0.031	0.025	0.057	-0.025	-0.088 †
Self vs Partner	0.076 **	-0.026	-0.089	0.040	-0.031	0.050	0.099	-0.042	-0.076
Shared vs Partner	0.070 *	-0.053	-0.046	0.029	-0.052	0.068	0.119	-0.056	-0.079
Shared vs Self	-0.006	-0.027	0.044	-0.011	-0.020	0.018	0.020	-0.014	-0.002
Breadwinner Status									
Breadwinner vs No	-0.044	0.053 *	-0.011	0.002	-0.016	-0.017	0.021	0.006	0.006

MODEL FIT STATISTICS

	Budgeting	Saving	Investing	Large Purchase	Life Insurance	Home and Auto Insurance	Retirement
N	642	632	637	639	637	641	641
Log likelihood	-740.595	-864.382	-520.828	-818.367	-542.113	-528.457	-839.552
LR χ^2	122.680***	103.430**	32.990	66.250*	79.310**	83.530**	53.610
Pseudo R^2	0.077	0.057	0.031	0.039	0.068	0.073	0.031

Note: † $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.0001$. FA = financial adviser; FC = financial counselor; FP = financial planner; IA = investment advisor; InsA = insurance agent.

D.1. Budgeting

As indicated in appendix E, 94 percent of respondents believe that either a financial planner (38 percent), financial counselor (29 percent), or financial adviser (26 percent) would be able to provide the best advice if they were seeking assistance with making a financial decision regarding budgeting. Three percent of respondents believe that a stockbroker (1 percent) or an investment salesperson (2 percent) would be able to provide the best advice in this domain.

As indicated in appendix D, on average, for individuals exhibiting similar characteristics, age was generally positively associated with selecting financial counselor, negatively associated with selecting financial planner, negatively associated with selecting an uncommonly selected title, and negatively associated with selecting financial adviser (however, this last finding was significant only for two of the younger pairwise group comparisons: 30 to 39 versus 18 to 29 and 40 to 49 versus 18 to 29). Marginal effects (*ME*) were generally larger among pairwise comparisons with a greater age difference. For instance, on average, among individuals with otherwise similar characteristics, being age 60 or older (compared with being age 18 to 29) increased the probability of selecting financial counselor by 0.385 ($p < 0.0001$), while being age 30 to 39 (compared with being age 18 to 29) increased the probability of selecting financial counselor by only 0.095 ($p < 0.05$). Age marginal effects significant at a level of $p = 0.1$ or less ranged from –0.085 to –0.107 for the selection of financial adviser, 0.095 to 0.385 for the selection of financial counselor, –0.234 to 0.092 for the selection of financial planner, and –0.042 to –0.145 for the selection of an uncommonly selected title.

Being male decreased the probability of selecting financial counselor by 0.07 ($p < 0.1$). However, gender marginal effects were not significantly related among other titles. Having an income of $30,000 to $49,999 decreased the probability of selecting financial adviser relative to

all other income categories, including income below $30,000 (*ME* = –0.124, $p < 0.05$), income between $50,000 and $74,999 (*ME* = –0.121, $p < 0.05$), and income above $75,000 (*ME* = –0.148, $p < 0.01$). Being single, compared with "other" marital categories (i.e., widowed, divorced, or separated), increased the probability of selecting financial counselor (*ME* = 0.098, $p < 0.1$); and being single, compared with being married, decreased the probability of selecting an "other" title (*ME* = –0.057, $p < 0.05$). Having a graduate degree, compared with having an undergraduate degree, increased the probability of selecting an "other" title category (*ME* = 0.069, $p < 0.1$); and having a high school diploma, compared with having a graduate degree, decreased the probability of selecting an "other" title (*ME* = –0.082, $p < 0.05$). All else being equal, respondents who indicated that being responsible for making budgeting decisions was "not applicable" to their own individual situations exhibited a reduced probability of selecting financial adviser in comparison with all other responsibility categories, including being responsible for one's own budgeting decisions (*ME* = 0.275, $p < 0.0001$), sharing the responsibility with a partner (*ME* = 0.259, $p < 0.0001$), and having a partner be responsible (*ME* = 0.238l, $p < 0.01$). Being the breadwinner in a household (defined as being responsible for more than two-thirds of household income) decreased the probability of selecting financial counselor (*ME* = –0.083, $p < 0.1$) and increased the probability of selecting financial planner (*ME* = 0.102, $p < 0.05$).

D.2. Saving

As indicated in appendix E, 95 percent of respondents believe that either a financial adviser (33 percent), financial planner (32 percent), financial counselor (16 percent), or investment adviser (15 percent) would be able to provide the best advice if they were seeking assistance with making a financial decision regarding saving. Four percent of respondents believe that a

stockbroker (2 percent) or an investment salesperson (2 percent) would be able to provide the best advice in this domain. As indicated in appendix D, being age 50 to 59, compared with being in a younger age group, was associated with an increased probability of selecting financial counselor ranging from 0.133 ($p < 0.05$) to 0.180 ($p < 0.01$). Those age 18 to 29 were less likely to select financial planner and more likely to select investment adviser when compared with some, but not all, older age categories.

D.3. Investing

As indicated in appendix E, 76 percent of respondents believe that either a financial adviser (10 percent) or investment adviser (66 percent) would be able to provide the best advice if they were seeking assistance with making a financial decision regarding investing. Twelve percent of respondents believe that a stockbroker (6 percent) or an investment salesperson (6 percent) would be able to provide the best advice in this domain. As indicated in appendix D, having a high school diploma, compared with having an undergraduate degree, increased the probability of selecting an investment adviser by 0.098 ($p < 0.05$). Compared with being married, both being “other” and being single decreased the probability of selecting titles other than financial adviser or investment adviser ($ME = -0.109$, $p < 0.1$ and $ME = -0.069$, $p < 0.1$, respectively).

D.4. Large Purchases

As indicated in appendix E, 85 percent of respondents believe that either a financial adviser (38 percent), financial planner (26 percent), or financial counselor (21 percent) would be able to provide the best advice if they were seeking assistance with a financial decision regarding making a large purchase. Seven percent of respondents believe that a stockbroker (1 percent) or an investment salesperson (6 percent) would be able to provide the best advice in this

domain. As indicated in appendix D, being age 50 to 59 increased the probability of selecting a financial counselor relative to those age 18 to 29 (*ME* = 0.185, $p < 0.01$), age 30 to 39 (*ME* = 0.218, $p < 0.01$), and age 60 or greater (*ME* = 0.164, $p < 0.1$). Having less than $30,000 in income decreased the probability of selecting financial planner compared with those who had $30,000 to $49,999 (*ME* = –0.091 $p < 0.1$), $50,000 to $74,999 (*ME* = –0.105, $p < 0.05$), and $75,000 or more (*ME* = –0.091, $p < 0.0001$).

D.5. Life Insurance

As indicated in appendix E, 88 percent of respondents believe that either an insurance agent (71 percent), financial planner (9 percent), or financial adviser (8 percent) would be able to provide the best advice if they were seeking assistance with making a financial decision regarding life insurance. Three percent of respondents believe that a stockbroker (0 percent) or an investment salesperson (3 percent) would be able to provide the best advice in this domain. As indicated in appendix D, being age 50 to 59 decreased the probability of selecting financial adviser compared with those age 18 to 29 (*ME* = –0.084, $p < 0.05$) and 30 to 39 (*ME* = –0.058, $p < 0.05$). Compared with those who were 18 to 29 years old, those who were older all exhibited increased probabilities of selecting insurance agent, ranging from an increase in probability of 0.172 ($p < 0.05$) to 0.241 ($p < 0.01$). Compared with being married, being single and being in an "other" marital category were both associated with an increased probability in selecting insurance agent (*ME* = 0.133, $p < 0.01$ and *ME* = 0.125, $p < 0.1$, respectively). Having only a high school education increased the probability of selecting insurance agent compared with those having an undergraduate degree (*ME* = 0.120, $p < 0.01$) or a graduate degree (*ME* = 0.164, $p < 0.01$).

D.6. Home and Auto Insurance

As indicated in appendix E, 89 percent of respondents believe that either an insurance agent (72 percent), financial adviser (9 percent), or financial planner (8 percent) would be able to provide the best advice if they were seeking assistance with making a financial decision regarding home and auto insurance. Three percent of respondents believe that a stockbroker (1 percent) or an investment salesperson (2 percent) would be able to provide the best advice in this domain. As indicated in appendix D, compared with those who were 18 to 29 years old, those who were older all exhibited increased probabilities of selecting insurance agent, ranging from an increase in probability of 0.166 ($p < 0.01$) to 0.327 ($p < 0.0001$), with larger increases in probability associated with older age groups. Compared with being married, being single increased the probability of selecting insurance agent by 0.076 ($p < 0.1$). Having only a high school education increased the probability of selecting insurance agent compared with those having an undergraduate degree ($ME = 0.103$, $p < 0.01$) or a graduate degree ($ME = 0.187$, $p < 0.01$).

D.7. Retirement

As indicated in appendix E, 82 percent of respondents believe that either a financial planner (44 percent), financial adviser (28 percent), investment adviser (14 percent), or financial counselor (10 percent) would be able to provide the best advice if they were seeking assistance with making a financial decision regarding saving. Four percent of respondents believe that a stockbroker (1 percent) or an investment salesperson (3 percent) would be able to provide the best advice in this domain. As indicated in appendix D, no clear patterns of statistically significant associations outside of the selection of “other” occupational titles were identified in this regression.

D.8. Identifying Potentially Vulnerable Consumers

While generalizing across the seven contextual domains examined within this paper does not always provide consistent relationships, some more general associations that emerged in multiple domains warrant further discussion. Age was positively associated with the selection of “financial counselor” across multiple domains. This finding may be particularly relevant given that (a) greater concern for protecting older consumers generally exists because of cognitive decline and other risk factors associated with age, and (b) financial counselor is among the terms not specifically excluded under the abandoned SEC proposal; therefore, although the title of financial counselor is not widely used among brokers and advisers today, it would be available for adoption by brokers who could no longer call themselves financial advisers. Education was negatively associated with the selection of “insurance agent” within insurance domains (life, home, and auto). Because insurance agents are primarily sales professionals, the greater tendency for less educated individuals to seek guidance from those who are selling a product rather than providing guidance in selecting the product that is best for oneself is potentially another case of a class of vulnerable consumers who could be disproportionately influenced by changes that arise owing to title regulation. However, in this latter case, it is less clear whether professionals themselves might also prefer to adopt the titles preferred by consumers, given that insurance agent ranked lower than all advisory-oriented titles on the components of loyalty and competence.

Appendix E. Consumer Selection of Occupational Title Perceived as Best Able to Provide Advice within a Given Domain

Title	Budgeting	Day-to-day finances	Saving	Investing	Large purchases	Life insurance	Home and auto insurance	Retirement
Financial adviser	26%	29%	32%	10%	37%	8%	9%	28%
Stockbroker	1%	2%	1%	6%	1%	0%	1%	1%
Investment adviser	3%	4%	15%	66%	7%	4%	3%	14%
Investment salesperson	2%	2%	3%	6%	6%	3%	2%	3%
Financial planner	38%	36%	32%	8%	26%	9%	8%	44%
Financial counselor	30%	27%	16%	4%	21%	5%	5%	10%
Insurance agent	0%	0%	1%	0%	2%	70%	72%	1%

Note: Figures reflect the percentage of respondents who selected a particular title as the professional best able to provide advice within a given domain.

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