

10 tips to protect your nest egg

CHECKFIRST



FIRST THE BAD NEWS:

As an older individual you are a target for scam artists. They prey on the perceived vulnerability of seniors and try separate you from the money, investments and assets that took you a lifetime to accumulate.

NOW THE GOOD NEWS:

You can help yourself avoid becoming a victim by following **10 self-defense tips** developed for seniors by the Alberta Securities Commission (ASC) in conjunction with the North American Securities Administrators Association (NASAA).

1. Don't be a victim of your manners.

Con artists will not hesitate to exploit your good manners. Save your good etiquette for friends and family members, not strangers looking for a quick buck! Remember, it's your money and it's ok to say "no" to an opportunity you are unsure about.

2. Check out strangers touting strange deals.

Trusting strangers is a mistake anyone can make when it comes to their personal finances. A free and easy first step to check out a person or company offering you an investment is to check their registration. With limited exceptions, in order for someone to sell securities or offer investment advice in Alberta, they must be registered with the Alberta Securities Commission. Don't just take their word for it, you can check the National Registration Database (www.aretheyregistered.ca) to see for yourself if they are registered. If you need help checking, call the ASC at 1-877-355-4488 for assistance.

3. Always stay in charge of your money.

Beware of anyone who suggests investing your money into something you don't understand or who urges you to leave everything in his or her hands, including power of attorney.

4. Don't judge a book by its cover. Successful con artists sound and look professional, and have the ability to make even the flimsiest investment deal sound as safe as putting money in the bank. The sound of a voice (even confident and comforting), particularly on the phone, has no bearing on the soundness of an investment opportunity.

5. Watch out for salespeople who prey on your fears. Con artists know that you worry about the future, including having enough money to live the retirement of your dreams, being able to leave a legacy for your family and the possibility of outliving your savings. They use these fears to convince you to hand over your money, and cloud your good judgement with worry and fear. All investing decisions should be made with a clear mind, with no pressure or emotions clouding your judgement.

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- 6. Don't make a tragedy worse with rash financial decisions.** The death or hospitalization of a spouse has many sad consequences – financial fraud shouldn't be one of them. Ask a scam artist to describe his ideal victim and you are likely to hear the following two words – “elderly widower.” If you find yourself suddenly in full control of your own finances, when you used to either share that responsibility with a spouse, or relied on them to manage the money, get the facts before you make any decisions. The ASC's website offers a wide range of free tools and resources to help you increase your investing knowledge. If you are unsure about managing your finances on your own, talk to friends, family, an independent third party, or the ASC for information on finding an appropriate financial professional and checking their background. Even the confidence that knowledge can bring can be a deterrent to scam artists.
- 7. Monitor your investments and ask tough questions.** Keep an eye on the progress of your investments – this is prudent even if you're not concerned about fraud. Carefully review your financial statements when they arrive in the mail – don't let unopened mail pile up. If you are not receiving regular financial statements, request to have them sent to you. Look for signs of excessive or unauthorized trading of your funds and ask questions if you are unsure about any activity in your accounts. Don't let a false sense of friendship or trust keep you from understanding your investments.
- 8. Look out for difficulties retrieving your principal or cashing out profits.** If the individual with whom you have trusted your investments stalls when you want to pull out your principal or profits, you may have uncovered someone who wants to cheat you. Some kinds of investments have certain periods when you cannot withdraw your funds, but you must be made aware of these kinds of restrictions before you invest.
- 9. Don't let embarrassment or fear keep you from reporting investment fraud or abuse.** Scam artists know that you might hesitate to report that you have been victimized in financial schemes out of embarrassment or fear. They prey on your sensitivities and, in fact, count on these fears preventing or delaying the point at which authorities are notified of a scam. Every day that you delay reporting fraud or abuse is one more day that the scam artist is spending your money and finding new victims.
- 10. Beware of “recovery room” scams.** If you are already the victim of an investment scam, don't compound the damage by letting scam artists “reload” and take a “second bite” of your assets. Faced with a loss of funds, some seniors who have been victimized once will go along with another scheme in which the scam artists promise to make good on the original funds lost, and possibly even generate new returns beyond those originally promised. Though the desire to make up lost financial ground is understandable, all too often the result is that, in addition to the money you lost to the original scam, you also lose the money you handed over to recover your losses.