

Investor Self-Defense



A Critical Step in Wise Investing is to Investigate **Before You Invest!**

Investing can be an important part of protecting your financial security. Understanding the risks and rewards of investments can seem difficult or complicated because there are so many different options and technical terminology. Ask questions and be sure you understand all terms and conditions before signing.

“An investment in knowledge pays the best interest.”
- Benjamin Franklin



Before you purchase an investment, be sure to build an emergency savings fund to cover your living expenses and unexpected expenses for at least three to six months. Keep the savings in an insured bank or credit union account where you can access it if you need to.

Before you Invest – Ask yourself questions like...

- 1 How much risk am I willing to tolerate? Remember—only invest what you can afford to lose!
- 2 Does the investment meet my needs? Does this investment allow me to access funds to meet my future cash needs without significant penalties? What are the tax implications? What other investment options are available? Do I prefer to pay for investment services through a fixed fee, a commission, charge per transaction fee, a percentage of assets in my account, or a combination of these?
- 3 Will my investment be in an advisory account or a brokerage account? Does the salesperson disclose potential conflicts of interest and other sources of commission? Will they put in writing whether they have any conflicts of interest? Ask if they receive compensation from other sources if you buy a particular stock, mutual fund, bond, annuity, or other investment they recommend.
- 4 Depending upon the type of investment account, what levels of consumer protection and disclosure may apply?
- 5 Am I rushing the decision? If the person offering you an investment won't give you time to investigate, proceed cautiously. It is far better to verify the company and individuals than it is to make an uninformed decision and lose your money.

To learn more about investing, see FINRA's Smart Investing at www.finra.org, or go to the North American Administration Association (NASAA) website www.nasaa.org, which provides a variety of online educational resources for investors including a senior investor resource center.