# 20 INVESTMENT TIPS FOR SENIOR CITIZENS

**By William Miller**

Senior citizens are the number one target of those who prey on the trusting nature of many senior citizens. The following are some tips to reduce the chance of losing your money due to mismanagement, or worse yet, being defrauded:

1. Be cautious when strangers offering get-rich-quick schemes contact you with "cold" calls, e-mails or unannounced visits to your home. The phone calls could be "boiler room" scams, in which the operators rent offices with impressive addresses and hire unlicensed salespeople to call individuals, using high pressure sales tactics. The promises of fast profits seldom come true.

2. Don't be a courtesy victim. Older Americans often extend hospitality to phone callers. Con artists will not hesitate to exploit the good manners of a potential victim. You are under no obligation to stay on the phone with a stranger who wants your money. It is not impolite to explain that you are not interested and hang up. Save your good manners for friends and family members, not swindlers.

3. Too many older Americans make the mistake of trusting strangers when it comes to their finances. Say "no" to anybody who presses you to make an immediate decision.

4. Use the Internet to check out recommended investments. The internet is a great source of information about investments, usually offering more than one opinion regarding a company or investment. Also, the Securities and Exchange Commission, as well as a number of State agencies, monitor fraud and securities schemes and provide investors with detailed information about such activities.

5. Always stay in charge of your money. Beware of any financial professional who suggests putting your money into something you don't understand, or who urges you to leave everything in his hands via a "Power of Attorney" (not to be confused with a Limited Power of Attorney) that allows the transfer of funds freely from your account.

6. Constant vigilance is the most important part of being an investor. Beware of any investment program where you can't view the activities of your account on line. All major brokerage firms have systems that allow you to see up-to-the-minute details of your account 24 hours a day. Even investment advisors have systems to allow you the same access, either directly or though a brokerage firm that clears their trades. If such information is not available, you are in danger.

7. Never judge a person's integrity by the sound of his voice. Successful con artists sound professional and can make the riskiest investment deal appear as safe and sound as putting money in the bank. Some swindlers combine their sales pitches with polite manners, knowing

that many seniors equate good manners with integrity. Remember that the sound of a voice, particularly on the phone, has no bearing on the soundness of an investment opportunity.

8. Watch out for salespeople who prey on your fears. Con artists know that many seniors worry about outliving their savings or losing their financial resources to a catastrophic event, such as hospitalization. It is common for swindlers and abusive salespeople to pitch their schemes as ways to build up life savings to the point where such fears aren't necessary.

9. Exercise particular caution if you are an older woman with no experience handling money. Many women who are in their retirement years received little or no education about handling money when they were young. They often relied on their husbands for major money decisions. As a result, older women, particularly those who received insurance payments for the death of a husband, are prime targets for con artists.

10. Look out for any trouble retrieving principal or cashing out profits. Because unscrupulous promoters pocket the funds of their victims, they often go to great lengths to explain why an investor's savings are not readily accessible. In many cases, they pressure the investor to roll over non-existent profits into new and even more alluring investments, further delaying the point at which the fraud will be uncovered. If you are not investing in a vehicle with a fixed term, such as a bond, then you should receive your funds or profits within a reasonable amount of time.

11. Don't let embarrassment or fear keep you from reporting investment fraud or abuse. Older Americans who fail to report that they have been victimized often hesitate out of embarrassment or fear that they will be judged incapable of handling their own affairs. Con artists know about such sensitivities and even count on these fears to prevent or delay the point at which authorities will be notified of a scam. Most money lost to investment fraud isn't recovered beyond pennies on the dollar. However, if you recognize that you have been victimized and speak up promptly, you might recover some or all of your funds.

12. When in doubt, wait. Remember, con artists cannot stand the test of time. They don't have the patience to allow you to get to know them.

13. Keep in mind that if you are like most senior citizens, the money you have accumulated over a lifetime will be needed to cover living expenses long after you have the ability to earn more money. Therefore, you must plan for the future in a manner that may have been different from before. Preservation of principal is very important. Question any investment program that does not meet your needs. Con artists especially are adept at getting seniors to act on risky investments by pandering to the psychological need of many seniors to take risks as a way of staying young.

14. Be wary of professionals who charge fees for managing money, only to place your money with someone else that also charges fees. For example, handing over money to an investment advisor who then invests into a series of mutual funds (that also charge fees) limits profit potential and increases risk simply because of the inherent double fee structure. Keep in mind that there are Indexes and Exchange Traded Funds (ETF's) that mirror virtually every mutual fund structure and do not charge such fees.

15. Avoid anyone who uses the language “guarantee” out of context. The only time the word guarantee can be used is when referring to a government bond, a bank account or CD, or to certain types of annuities. All other investments cannot be guaranteed and anyone who promotes non-guaranteed investments in such a manner should be reported to the Securities and Exchange Commission. Seniors are especially vulnerable to such misuse of language.

16. Always remember that it is impossible to predict the future when it comes to investments. That is why the Securities and Exchange Commission requires that legitimate research reports include language such as “Past performance is no indication of future performance.” Many advisors and con artists like to promote themselves as individuals who have the skill to foresee the future and/or pick stocks better than others.

17. Be careful anytime someone references a well known business leader, such as Bill Gates, Warren Buffet or others, in a sales pitch. Con artists like to use these references to prey on seniors who are more likely to admire successful business leaders in the community. Keep in mind that Bill Gates, Warren Buffet and other well known business leaders are usually not in the same financial position as most seniors and many of the strategies they might employee would not be appropriate for those with lesser wealth.

18. Avoid asking too many people for their opinions. Virtually everyone has an opinion and the vast majority of those who give investment advice don’t know enough about investing to render a solid opinion.

19. Unless an advisor is a friend or business associate, willing to work for nothing just to help, remain aware that all investment advice is geared toward you paying for the advice from your resources. Brokers, investment advisors, and con artists all expect to be paid above and beyond the recommended investment.

20. Use common sense and gear your decisions from the negative. Look at the advice from the standpoint of what could go wrong, not just from what could go right. Also, fear and greed can cloud your good judgment and leave you in a worse financial posture. An investment that is right for you will make sense because you understand it and feel comfortable with the level of risk involved.