

ALPHABET SOUP – WHAT DO ALL THE LETTERS MEAN?

CSA, CSC, CSS, CFP, CFA, ChFC, CPA/PFS, CLU– in recent years we have witnessed a cascade of titles that may follow a name. To offer financial services, the individual should be properly licensed in his or her field. When seeking professional financial help or when being solicited by a financial adviser, the investor should find out exactly what those letters mean after a professional's name.

There is an additional wrinkle when it comes to the senior population. Increasingly, seniors are the targets of “senior specialists” or “elder planners” – individuals claiming expertise in financial concerns particular to the senior population. The recent increase in designations claiming to provide the holder with expertise in providing services to senior investors may, in some cases, consist of training that involves nothing more than marketing techniques and sales tips for certain investment products being targeted to seniors. In fact, the individuals touting these investments may not be properly licensed to sell securities or give financial advice at all.

Why Seniors

Because seniors have built up a lifetime of savings, they continue to be the targets of individuals recommending investments that are fraudulent or unsuitable for their particular financial needs. Investors 55 and older should carefully research the credentials of anyone claiming to be a “senior specialist.” Securities regulators opened 26 cases in 2005 alone involving such specialists. Most of the cases involved securities recommendations by individuals who were not properly licensed under state laws.

No Such Thing as a Free Lunch

Seniors are often sent postcards or letters advertising a free lunch or dinner with a financial seminar. At the seminar, the supposed specialist may review the individual's current list of assets and recommend liquidation of the individual's securities positions and the purchase of indexed or variable annuities products or other high-fee, high-commission investment products being touted by the specialist. The suitability of such investments for the particular investor is questionable at best – even though described as simple and guaranteed to make money, these products are complex and not liquid.

The specialist's recommendations may be viewed as providing investment advice for compensation and, as such, the specialist should be registered as an investment adviser. In addition, if the investment is not suitable for the particular investor or is not accurately represented, the specialist may be subject to enforcement action by state regulators.

You Can Never Be Too Careful

Investors need to check on any adviser or broker who tells them they have special training in understanding the financial needs of seniors. While there are legitimate organizations that require completion of rigorous programs of study and examinations as well as practical experience for certification, a number of organizations have been formed within the past few years with less stringent qualifications and preparation.

Certification requirements range from a 3 ½ day live class or self-study with no work experience required to comprehensive education and examination programs requiring extensive training and study.

Additional information on professional investment designations can be found at www.finra.org.

Before you engage an investment professional or purchase a product, think about your financial objectives. Make sure the professionals are properly registered with the requisite federal and state regulatory agencies. Check out professional designations by contacting the issuing organization..

Not only should you check the organization's credentials, but check the individual as well – call the Securities Division to ask about an adviser or product, see if they are properly licensed and whether complaints have been lodged against the person, firm or product. Resist individuals who urge you to hire them immediately.

For protection tips and investor education, visit the Senior Investor Resource Center on the NASAA website at www.nasaa.org. The AARP's website provides suggestions and recommendations on seeking professional financial help, at www.aarp.org.

Your To-Do List

1. Do not let anyone pressure you into a decision. Resist investment professionals who urge you to immediately hire them. They are candidates – treat them as such.
2. Do a background investigation. Ask what the candidate's titled designations mean – and what he/she had to do to earn them.
3. Think about your financial needs – and do not purchase anything that does not mesh with the specific contours of your future security.
4. Even after you've selected an investment professional, keep an eye on your investments. Monitor your investments to minimize the risk of errors and fraud.

Let us help you fight investment fraud – an aware consumer is a savvy investor.

By Matthew J. Neubert
Director of the Securities Division

The Arizona Corporation Commission disclaims responsibility for any private publication or statement by any of its employees. The views expressed herein are those of the author and do not necessarily represent the views of the Arizona Corporation Commission

Article Date: January 17, 2006