



Initiatives to Protect Older Investors

Through its regulatory actions and its investor education initiatives, FINRA and the FINRA Investor Education Foundation are working to provide older Americans with the resources they need to protect their investments from fraud and manage their money with confidence. A short summary of select activities and resources appears below.

- **Enforcement Cases and Sweeps**

Since January 2005, FINRA has completed approximately 100 formal disciplinary actions involving or related to seniors. A number of FINRA sweeps related to seniors are currently underway. The first sweep is examining whether brokers are using so-called “professional” designations to mislead and defraud investors. In the second of the new sweeps, FINRA is looking at early retirement seminars conducted by securities firms designed to entice older workers to liquidate their retirement funds and invest them with a specific firm or representative. FINRA currently has two other regulatory sweeps ongoing in the area of protecting seniors – one examining the sale of collateralized mortgage obligations, which FINRA has found to be targeted at seniors; and a second focused on the sale of life settlements. FINRA recently completed another regulatory sweep, conducted jointly with the SEC and state regulators, into the sales tactics used at “free lunch” seminars.

- **Regulatory Notice about Dealing with Seniors**

FINRA has also issued a comprehensive Regulatory Notice to the industry that informs firms and brokers about their obligations under securities rules when selling products to seniors. These include assuring that any recommendation made is suitable taking into account factors including age, liquidity needs and life stage. FINRA-regulated firms also are prohibited from using designations to mislead or defraud investors. The Notice also outlines strong practices instituted by some firms so that others can consider adopting them when dealing with senior customers. The Notice also highlights key issues relevant to most senior investors, including managing retirement assets, evolving investment objectives and, in some cases, increased vulnerability to abusive or fraudulent sales practices.

- **New Rule Governing Sales of Variable Annuities**

FINRA has adopted a new rule that addresses the problems that arise in sales of deferred variable annuities to seniors. The new regulation, approved by the SEC on September 7, 2007, establishes suitability, disclosure, principal review, supervisory and training requirements, all tailored specifically to transactions in deferred variable annuities. It explicitly requires brokers to consider, among other things, a customer’s age, investment time horizon and liquidity needs. In addition, the rule requires principals to treat all transactions as if they have been recommended and thus to approve a transaction only if there is a reasonable basis to believe that the transaction is suitable.

- **Investor Education and Resources**

- **SaveAndInvest.org/55plus for Older Investors**

This free online resource for older investors offers objective answers and unbiased investing resources to protect seniors from fraud and help them manage their finances with confidence.

- **Fraud Fighting 101: Smart Tips for Older Investors**

This brochure provides quick tips to help older investors recognize common tactics used by fraudsters and offers easy ways investors can protect themselves and their families from fraud.

- **Investor Alerts**

Investor alerts give vital information about common scams, complicated products and other investing problems. Recent alerts have included:

- "Free Lunch" Investment Seminars -- Avoiding the Heartburn of a Hard Sell.
- Seniors Beware: What You Should Know About Life Settlements
- Look Before You Leave: Don't Be Misled By Early Retirement Investment Pitches That Promise Too Much
- Should You Exchange Your Variable Annuity?
- Equity-Indexed Annuities—A Complex Choice
- Variable Annuities: Beyond the Hard Sell

- **Market Data**

FINRA's newly launched Market Data Center, www.finra.org/marketdata, is a comprehensive, content-rich, free online information resource for retail investors—and the only one with a strong emphasis on fixed-income securities. It offers this information in tandem with FINRA's library of investor education materials and tools.

- **Learning Centers**

FINRA Learning centers give information about important topics in greater depth. They include:

- Smart Bond Investing
- Smart 401(k) Investing

- **FINRA BrokerCheck**

BrokerCheck is a free online tool to help investors check the professional background of current and former FINRA-registered securities firms and brokers.

- **401(k) and IRA Minimum Required Distribution (MRD) Calculator**

The MRD calculator helps seniors determine the minimum required distribution they are required by law to withdrawal from traditional IRA, 401(k) or other employer sponsored retirement plans after they turn 70.

- **Retirement Calculator**

A calculator to help seniors, especially those who have not yet retired, with their investing strategy to ensure they will have enough to see them through their retirement years.

For more information and these and other activities, information and tools for older investors, please visit www.finra.org.