Organized in 1919, the North American Securities Administrators Association (NASAA) is the oldest international organization devoted to investor protection. NASAA is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico.

In the United States, NASAA is the voice of state securities agencies responsible for efficient capital formation and grass-roots investor protection. Their fundamental mission is protecting consumers who purchase securities or investment advice, and their jurisdiction extends to a wide variety of issuers and intermediaries who offer and sell securities to the public.

NASAA members license firms and their agents, investigate violations of state and provincial law, file enforcement actions when appropriate, and educate the public about investment fraud. Through the association, NASAA members also participate in multi-state enforcement actions and information sharing. NASAA also coordinates and implements training and education seminars annually for state/district/provincial and territorial securities agency staff.

The Investor Education Section of NASAA, along with a network of professionals from across the NASAA membership, develops, coordinates, delivers, and supports financial education initiatives that can be used by securities regulators in their ongoing efforts to improve the level of financial literacy in their jurisdictions.

Your Local Regulator:

To find the local contact information for your state, provincial or territorial securities regulator, visit the North American Securities Administrators Association at www.nasaa.org or (202) 737-0900.
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Have you heard of the terms “Sandwich Generation” or “SandGEN”? This generation refers to adults who are responsible for their own needs as well as the care and support of both their dependent children and elderly family members.

Investing is an important part of one's financial security. As a member of SandGEN, you can also be affected by the financial security of your children and your parents. Members of this generation face difficult financial considerations when balancing their own economic needs with the needs of their families. For example, did you know that nearly half of those in the Sandwich Generation do not have adequate means to finance their own retirement? At the same time, most consider paying for their children's college tuition a parental responsibility. On top of that, caring for an elderly family member often involves a significant financial obligation as people are living longer and health costs continue to increase.

If an elderly family member makes a bad investment decision they may need more support from you in their later years. In addition, families often refer investments to each other. In this case, if one family member becomes a victim of an investment scam, the entire family could end up losing money. With so much at stake, it is imperative that you always investigate before you invest.

Just as every investor is different, so too are investments. What may be a suitable investment for one investor may not be right for another. Members of SandGEN should be familiar with the relationship between their own financial goals and their tolerance for investment risk.

This booklet contains information and resources on common types of investment scams, red flags, tips and checklists to help you develop good financial habits, and suggestions on how to start talking to your elderly family members and children about financial issues. Familiarize yourself with these topics and consider how they might be part of your overall financial planning.
Common Investment Scams

Each year, investors are targeted with a variety of misleading sales tactics, or worse, outright fraud. Investors also have to be wary of unregistered activity. If any of the following has occurred to you, immediately contact your local securities regulator to determine if you should file a complaint. Refer to the back of this booklet for contact information.

Misleading Sales Tactics and Practices

**Affinity fraud** – In this situation salespeople are hired to target specific religious, ethnic, professional or social groups. Once a prominent member of the group invests, more people within the community decide that the product is worthwhile. Having gained the community’s trust, the salesperson then promotes the fraudulent products or services to the group at large.

**Bait and switch schemes** – Investors should be wary of investments that are advertised as having unusually high investment profits, especially if a personal visit is required. During the face-to-face meeting, the salesperson will discourage the investor from investing in the advertised product, switching them to a different investment altogether.

**Churning** – Churning occurs when a securities professional makes unnecessary and/or excessive trades in order to generate commissions. Most churning occurs when an investor grants his or her broker discretion to trade the account on his or her behalf.
Guaranteed returns – SandGEN investors may be enticed by promises of sky-high returns as they attempt to catch up on retirement planning. Registered brokers and financial advisers are prohibited by law from guaranteeing a rate of return on securities products.

Free meal seminars – Investors are invited to receive a free meal and hear about investment opportunities. While free meal seminars may be a legitimate method in which to obtain new clients, some seminar salespeople may try to sell you unsuitable investments or convince you to replace your existing investments. They may also fail to disclose their fees or commissions, making it difficult to accurately compare products and services. Others may use these seminars simply to obtain your personal and financial information.

Misleading credentials – Some salespeople or financial advisers create the impression that they have special education or expertise in senior/retirement services. If credentials contain words such as “senior” or “retirement” in conjunction with the words “certified” or “registered”, be cautious. These credentials may be no more than a commercial gimmick. Their specialty may be more about knowing how to “sell” to seniors, and less about what may actually be in their clients’ best interests.

Investment products – Most investment products must be registered with the federal or state/provincial regulators where they are offered and sold. Always check with your adviser or regulator to make sure your investment funds are being placed in a legitimate investment product.

Securities Fraud

“Ponzi” or pyramid schemes – Typically a promoter offers eye-popping returns from a vaguely described opportunity. Fancy or professional-looking documents and websites are no indication of a legitimate investment. Pyramid schemes are often spread by word of mouth through groups such as religious institutions, ethnic groups, or professional affiliations, frequently in an atmosphere of secrecy. The formula is simple: Promise high returns to investors while using their money to pay previous investors.

Pump and dump scams – Unethical individuals frequently “pump” up the value of low-priced, thinly traded securities through misleading marketing campaigns. When investors begin purchasing the securities at the inflated prices, they “dump” the stock, leaving most investors holding worthless shares. Watch out for pump and dump scams appearing on spam e-mail, in unsolicited faxes, or in internet chat forums.

Unregistered Activity

Brokers/financial advisers – Would you trust your physical health to an unlicensed physician? Then, why trust your financial well-being to an unregistered securities “professional”? Brokers and financial advisers are required to be registered with local and federal regulators. (Visit the Resource Guide at the end of this booklet for contact information).
Fraud can happen to anyone. Members of the Sandwich Generation, their elderly family members and their children are no different. Watch for red flags when considering an investment opportunity.

Some common phrases used by salespeople to mislead investors:

Guaranteed high returns - no risk!
There’s no such thing. The higher the returns, the higher the risk. This type of sales pitch is often aimed at people who live on a fixed income or are near retirement and are worried about not having enough money.

Insider tips - get in now!
Scam artists use this tactic to pressure you into making a quick decision. They make the offer more attractive by suggesting they have secret information about a company that the general public doesn’t have. They pressure you to act now to "get in on the ground floor". This could be particularly tempting for members of SandGEN who are looking to supplement insufficient retirement assets.
Offshore investment – tax free!
You can defer paying taxes, but you can’t avoid paying them. This type of deal is often pitched as a secret. By asking you to keep the deal to yourself, promoters of these investments hope to avoid hard questions from family, friends or financial advisers who might see through the scam. Often, your money will be transferred to overseas locations, making it harder to recover and even harder for the authorities to investigate.

Profit like the experts!
The promoter convinces you that he or she has access to inside information known only to a select few who are said to be making a lot of money. For example, in a prime bank scheme, investors are told about the existence of a secret market that only the world’s largest banks know about and certain investors are then given an exclusive opportunity to participate in this secret market. The catch is: secret prime bank markets don’t exist.

Great investment opportunity – your friends can’t be wrong!
The success of these opportunities relies on the trust you place in your friends and the fear of not keeping up with them financially. For example, “affinity fraud” occurs when salespeople target religious, ethnic, professional or social groups. They work their way into organizations and befriend members in order to sell them fraudulent investment products.
Your Children

Investor Self-Defense

Your children are watching and learning from you. Have an open dialogue about the importance of financial planning and show them how to investigate before investing. They should understand the relationship between risk and return and should ask themselves: What are my future cash needs? Will this investment allow me to have access to funds to meet future cash needs with significant penalties?

As an example, your children may be interested in investments that allow them to save money to buy their first house, or fund their educational expenses. Teaching them about various investment opportunities now will help them become more self-sufficient when it comes time for that down payment on a house or tuition. A little education with your children now could end up saving YOU a lot of money in the future.

Starting The Conversation

One of the most important things you can do for your children is to talk to them at an early age about responsible financial management. In addition to having them involved in household financial decisions (as age appropriate), you should model this behavior yourself. Children raised with money management skills will be better prepared for their own financial success.

As parents, you know that children are a significant financial obligation. Consider the costs of higher education. Often, parents of a college-bound child resort to utilizing their retirement nest egg to finance their child’s
college education. This is not always the best solution and may leave you financially strained. There are other resources available for educational expenses such as scholarships, grants, loans, work-study programs and various other payment options. There are no such resources available to fund one’s retirement. Establish, in advance, the expectations you have of your children with regards to their participation in their educational expenses.

Another financial consideration is that of “boomerang” children. What might be the financial impact if a child returned home after you thought your “parental responsibilities“ were completed? Are you financially prepared for this possibility? Should this situation occur, it is imperative that you include this child in household financial decisions. State clearly and up-front what additional economic responsibilities he or she will have if returning home, such as contributing to the household income. If you don’t establish these expectations, you may find yourself facing significant financial issues.

By participating in discussions, decisions and planning, children will be better prepared and more accepting of the financial constraints their family may encounter.

Checklist

- Teach your children about basic financial concepts and model responsible money management.
- Consider the impact of using your retirement assets for your children’s education.
- Decide if you are going to pay for your children’s education: Talk to your children about exploring education financing options.
- Set financial ground rules and expectations when adult children (boomerang kids) move back home.
Investor Self-Defense

As a member of the Sandwich Generation, you may feel pressured to make quick investment decisions in order to make up for insufficient assets as you near retirement. As a result of this pressure, you may miscalculate the level of risk you need in order to achieve your financial goals. In addition, you may neglect to thoroughly investigate an opportunity before you decide to invest.

Understanding the risks of investing can be difficult. Although an investment may be legitimate, it may not be right for you. Whereas younger adults have a longer period of time in which to recoup investment losses, members of SandGEN, especially those nearing retirement, have less time to recover from the financial loss they may incur as a result of an inappropriate investment decision.

Likewise, your elderly family member, who is living off of their retirement funds, is better suited for an investment that maintains their principal rather than one that seeks aggressive growth, for example. They simply cannot afford a significant loss of the funds that they currently need.

It is imperative that you, and your family members, take the time to investigate an opportunity before investing.
Tips to Keep Track of Investments

- Create and maintain an orderly system for storage and retrieval of all investment-related documentation. Maintain the safety and security of these documents while ensuring accessibility.
- Understand how your investment allocation aligns with your current investment objectives and resources as well as risk tolerance.
- Understand features of investment products. Sales commissions and fee structures for different products vary, including penalties for early withdrawal.
- Review brokerage statements with your professional and ensure you understand the statements in your own words. Keep a record of your meeting.
- Review investment allocations at least annually and after significant changes in personal or financial matters such as a child moving away or moving back home, change in employment status, sale/purchase of a home or death of a family member.

Checklist

- Organize your financial records including brokerage statements, bank records and insurance documents.
- Start retirement planning early. Review your investments in relation to your financial goals and risk tolerance.
- Inquire whether your broker or financial adviser is registered to sell investments or provide advice.
- Create a realistic budget and control your debt.
Investor Self-Defense

As a member of SandGEN, one of your responsibilities may be to protect your elderly family members and their financial future. A primary concern is making sure your elderly family members are free from investment fraud.

The elderly are a favorite target of con artists because of their age and accumulated wealth; therefore, it is important for you to understand and be aware of your elderly family members’ financial situation. Educate them about how to identify and avoid investment fraud.

Share the following tips with your elderly family members:

- Do not disclose financial or personal information until you are confident of the legitimacy of the person and the security of your information.
- Never meet a salesperson alone in your home.
- Do not rush to fill out anything and be sure to understand the terms before signing. Never sign a blank document.
- Be wary of anything that requires immediate attention. Turn down any investment when the salesperson says you must act now. It is far better to verify the company than to make an uninformed decision.
- Be wary of any salesperson that promises to “take care of everything for you.” Ask questions and get a second opinion. You may wish to consult an attorney, stockbroker, or financial adviser about the terms of the investment before committing.

Your Parents
When in doubt just say NO! Salespersons can take advantage of the courteous person who is afraid to say they are not interested.

If you are not interested in the investment opportunity that is being presented, end the conversation immediately. This is especially true if the opportunity was unsolicited. The longer you remain engaged in conversation, the more susceptible you are to being convinced to participate.

Check registration: Make sure the salespeople and firms you invest with are properly registered with local regulators.

Report fraud: If you have been approached or have been a victim of fraud, do not let embarrassment stop you from reporting the opportunity. If you have any doubts about an investment, call your local securities regulator immediately. Protect yourself and help protect others. (Refer to the back of this booklet for contact information.)

Starting The Conversation

When caring for an elderly family member, it is important that you talk to them about their finances. Rising health care costs, longer life expectancy and funeral expenses are examples of items to consider. Be mindful and sensitive to your elderly family members’ feelings. They may feel their financial independence is being challenged, or that they do not want to “burden” you with these matters.

Providing protection to family members who wish to remain financially independent begins with knowing and having access to that person’s financial information. It is easier to obtain important financial information in advance, rather than later in a crisis situation.

Members of SandGEN face significant financial issues as a result of caring for an elderly family member. It is important that you become aware, and prepare in advance for the extra expenses that can arise as a result of providing such care.

Checklist

- Initiate a dialogue about financial matters with your elderly parents.
- With their permission, have copies of their estate planning documents and make sure all forms are current.
- Know the location of their assets (insurance documents, retirement plans, and other investments) and ensure you can access them if required.
- Know your parents’ advisers and find out about their other sources of information (e.g. accountants, doctors, financial planners).
# Resources

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<tr>
<td>AARP</td>
<td>Nonprofit, nonpartisan membership organization for people 50 and over – Provides a host of information and services that are important to members in this age group.</td>
<td><a href="http://www.aarp.org">www.aarp.org</a> 1-888-687-2277</td>
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<tr>
<td>CARP</td>
<td>With close to 400,000 members, CARP is Canada’s largest organization for the 50+</td>
<td><a href="http://www.carp.ca">www.carp.ca</a> 1-416-363-8748</td>
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<tr>
<td>CRA (Canada Revenue Agency)</td>
<td>Provides answers and assistance to tax related questions.</td>
<td><a href="http://www.cra-arc.gc.ca">www.cra-arc.gc.ca</a> 1-800-267-6999</td>
</tr>
<tr>
<td>FCAC (Financial Consumer Agency of Canada)</td>
<td>Provides consumers with accurate and objective information about financial products and services, and informs Canadians of their rights and responsibilities when dealing with financial institutions.</td>
<td><a href="http://www.fcac-acfc.gc.ca">www.fcac-acfc.gc.ca</a> Engl: 1-866-461-3222, Fr: 1-866-461-2232</td>
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<tr>
<td>FINRA (Financial Industry Regulatory Authority) – formerly NASD &amp; NYSE</td>
<td>Largest non-governmental regulator: provides information about the latest securities scams, background history about investment firms and brokers and supplies forms for complaints.</td>
<td><a href="http://www.finra.org">www.finra.org</a> 1-301-590-6500</td>
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<tr>
<td>FTC (U.S. Federal Trade Commission)</td>
<td>Provides consumer protection against abusive lending, identity theft, businesses, and telemarketing.</td>
<td><a href="http://www.ftc.gov">www.ftc.gov</a> 1-877-382-4357 (Consumer Response Center)</td>
</tr>
<tr>
<td>IRS (Internal Revenue Service)</td>
<td>Provides answers and assistance to American tax related questions.</td>
<td><a href="http://www.irs.gov">www.irs.gov</a> 1-800-829-1040</td>
</tr>
<tr>
<td>Social Security Administration</td>
<td>Provides information on how to calculate retirement benefits estimates, when benefits will be paid, and how much taxes have to be paid on benefits.</td>
<td><a href="http://www.ssa.gov">www.ssa.gov</a> 1-800-772-1213</td>
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Sandwich Generation: Caught in the Middle

Are You Financially Prepared?

Sandwich Generation: Caught in the Middle

For more information contact:

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750 First Street, NE Suite 1140
Washington, D.C. 20002
(202) 737-0900
(202) 783-3571 (Fax)
www.nasaa.org

Your Children

Your Parents

Your

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