CARP

TOP 10 *TIPS*

TO PROTECT YOUR *Life Savings*

from

unethical financial advisors

Choosing an investment advisor to manage your retirement portfolio is a big decision – one that will directly affect how comfortably you can live out your retirement years. You deserve the peace of mind that comes from having a capable and honest advisor who has your best interests at heart.

CARP has compiled the following ***Top 10 Tips To Protect Your Life Savings from unethical financial advisors*** to help guide you on the way to this important decision.

1 Research your advisor

Financial advisors are generally salespeople employed by a brokerage firm. These advisors are also known as 'wealth advisors', 'stock brokers', 'account executives' and various other titles that suggest their financial expertise.

Most of these advisors get paid on commission, although other fee structures do exist. As with any commission-based salesperson, you should be wary of being sold products that simply generate the highest commission – these investments may be best for the advisor and not for your long-term financial security.

It is important to note that most advisors in Canada are not required to act solely in your best interest (this is referred to as a 'fiduciary standard'). To be safe you can choose an 'investment counsellor' or a 'portfolio manager'. These professionals do have an obligation to act in your best interest. They also typically charge fees based on a percentage of your portfolio.

No matter what title your advisor has, if they are going to try to rip you off, you probably aren't the first. Do your research before you even meet them. Google their name and ask your family and friends if they have heard anything about a particular advisor.

There are also useful online resources that can help you. The Investment Industry Regulatory Organization of Canada (IIROC) has an AdvisorReport database. This free service gives you information on advisors who work with an IIROC-approved firm.

You can also check if your advisor has been punished for bad behaviour. The Canadian Securities Administrators keeps a disciplined persons list on their website.

2 Watch out for 'seniors' titles

Shady financial advisors love titles like "Senior Investment Specialist". Titles like these are completely unregulated and are therefore made up by advisors without any oversight. This means that, despite the fancy name, you can't assume that these advisors have any special insights into investments for seniors. Consider this a red flag and be cautious.

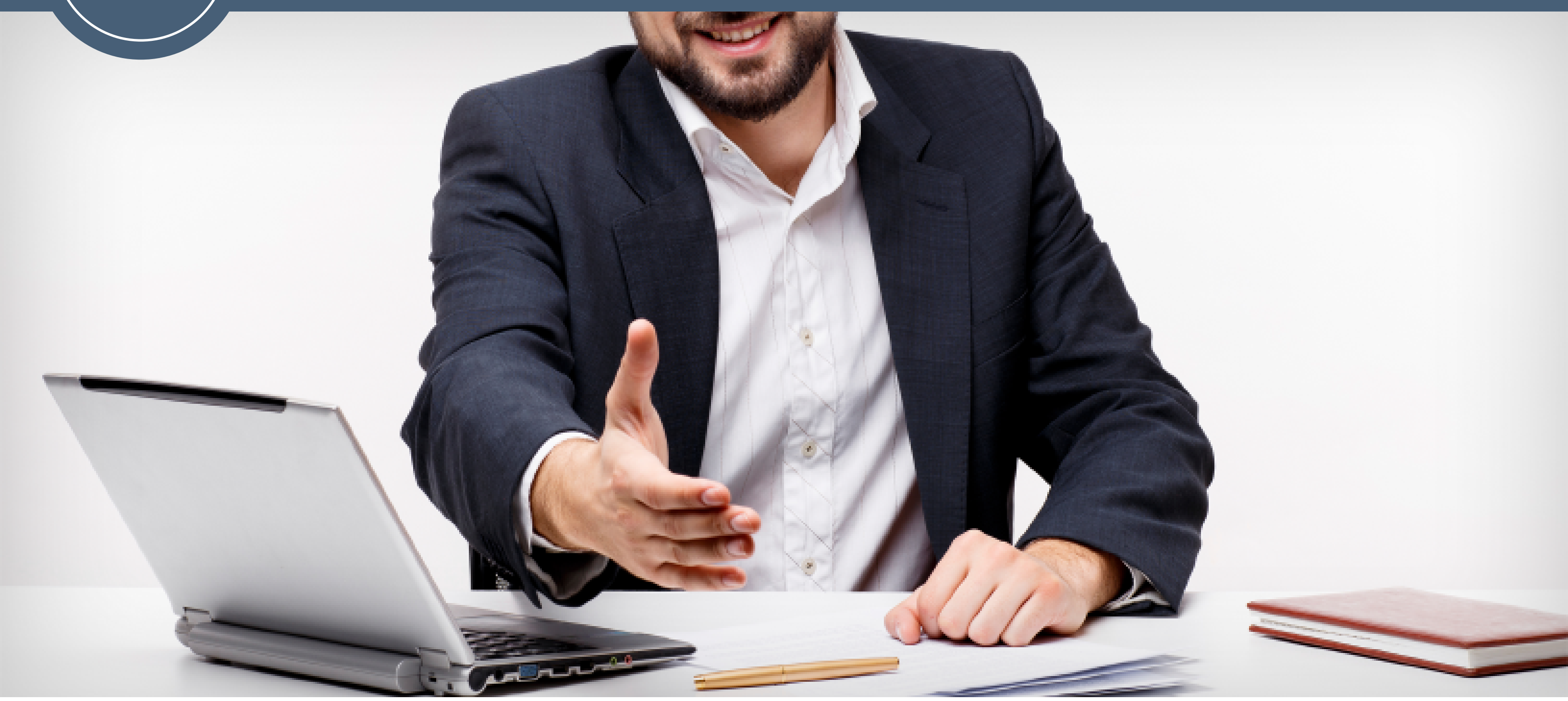
3 Know what you are paying for

Your advisor is providing an important service to you and they deserve fair compensation for their time and work. It is important, however, that you understand the various ways that your financial advisor will get paid from your investments and exactly what you are paying for the investment product itself.

Sometimes, these costs are not obvious. You should be asking these questions before you make any sort of investment. Your advisor should explain the difference between a fee-based account and transaction-based fees, and help you make the decision that is right for you.

Needless to say, if your advisor is unwilling or unable to tell you how they will be paid, and how much, take your money elsewhere.

4 Your advisor is not your friend



Keep professional and personal separate when it comes to your money.

There are many stories from investors who have lost their savings because they let their advisor become their 'friend'. These investors talk about how their advisor seemed to really care about them, and would often stop by for tea or call to simply chat. One investor even said that her advisor threw her a surprise birthday party when she turned 75 – only to leave her retirement savings in tatters.

Maintain professional boundaries just as you would with your physician or your lawyer.

5 Understand what you are buying

Investment products can be confusing, but your advisor should be able to help you understand. If your financial advisor can't – or won't – explain how an investment works, think twice about investing.

6 Just say no to loans

For older Canadians, there are very few times where taking out a loan to increase an investment is a good strategy. You should be very cautious if your advisor is encouraging you to do this.

You should also never be asked to provide a personal loan to your investment advisor. These types of requests do happen with shady investors, and they often come with the promise of a high return. This should be a big red flag. Take your money and run.

7 Fill in the blanks

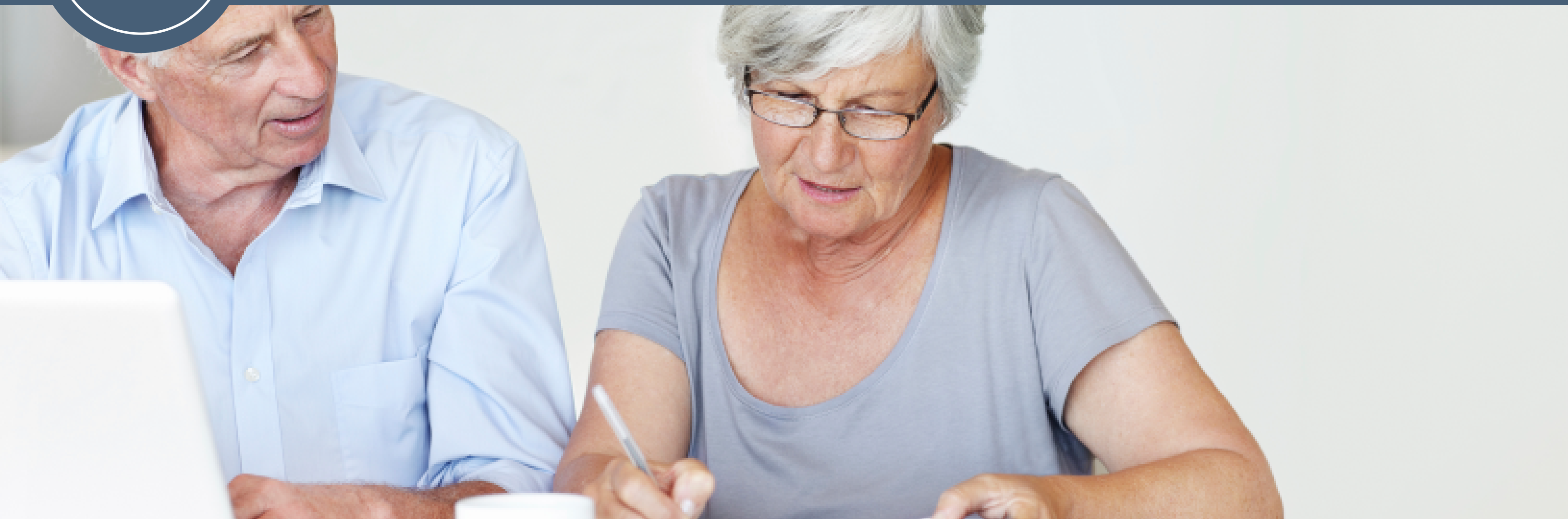
Your signature is your authorization to proceed, and it has real, legal significance. Your investment advisor should never – ever – ask you to sign blank or incomplete forms to be finished later. Doing so allows for decisions to be made on your behalf without your input and greatly increases your risk of fraud.

8 Nothing "off-the-books"

Your investment advisor and their firm have a range of products that they sell. You should absolutely refuse any 'opportunities' offered to you that are not officially offered by the advisor and their company. There is a significantly increased risk of fraud with these off-the-books opportunities.

If your advisor starts trying to sell you products on the side, you should report them and take your money elsewhere.

9 Get it all in writing



After a meeting with an advisor you can have a hard time keeping everything straight. Tell your advisor that you want a follow-up letter after each meeting. These should include copies of every directive you signed, how your advisor will be paid and the cost of any products you bought.

Take the time to review these letters and make sure that they correctly reflect what you wanted and what was discussed in your meeting. If they don't, ask your advisor. This could be a sign that something is wrong.

Holding on to these follow-up letters can also help if someone else ever needs to step in and manage your financial affairs.

If your advisor won't put it in writing, you should be very wary.

10 Trust your gut

Where and how to invest your money is one of the most important decisions you will make for your retirement.

Make sure that your financial advisor takes the time to explain each investment to you in a way that you can understand. They should ask questions that help them better understand your personal financial situation and your goals.

Be careful about promises of high return with little risk. Watch out for high-pressure sales. These are warning signs.

Sometimes, you just have to trust your instincts. If you don't feel comfortable with an advisor or an investment product – don't invest.