Alton Securities
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Protecting seniors from financial exploitation

It Happens More Than You Might Think: A senior investor suddenly asks his broker to withdraw all the funds from his brokerage account. The request strikes his broker as strange, because the client normally takes a more measured approach to managing his money.

It's a red flag that raises a worrying question in the broker's mind: Is his client being preyed upon by a scammer? Is the client being pressured by a family member or caregiver? If so, should he still disburse the funds as asked? Or should he take time to determine whether his suspicions are justified?

The protection of senior investors has always been a top priority for the Financial Industry Regulatory Authority (FINRA). As part of this ongoing effort to thwart financial exploitation, FINRA adopted rules earlier this year that allow brokers to take steps to protect seniors and other specified adults, putting in place the first uniform, national standards to protect senior investors.

Here's how the FINRA rules work. — Add A Trusted Contact Person to Your Account: When you open a brokerage account or update information related to an existing account, an amended FINRA rule requires your broker to make reasonable efforts to obtain the name and contact information for a designated trusted contact person for your brokerage account. Among other things, adding a trusted contact person to your account puts your broker in a better position to keep your account safe.

While you are not required to provide this information to open an account, it may be a good idea to do so. By choosing to provide this information, you are authorizing the firm to contact someone you trust and disclose information about your account only in certain circumstances, including to address possible financial exploitation, and to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney.

Fund Disbursement Holds When Exploitation Is Suspected: Additionally, brokerage firms now are permitted to put a temporary hold on disbursements of funds or securities from an account when there is reason to believe financial exploitation might be occurring. The rule applies to accounts belonging to investors age 65 and older or to those with mental or physical impairments that the firm reasonably believes makes it difficult for them to protect their own financial interests.

Here's how the "hold" rule works: If a firm suspects financial exploitation, it may put a hold on disbursements from a client's account for up to 15 business days. The firm must conduct an investigation and attempt to notify the client and the client's trusted contact.

If the firm gathers information that supports its suspicion of financial exploitation, it may continue the hold of disbursement for another 10 business days. Depending on what its investigation finds, the firm may refer that matter to an adult protective services or law enforcement agency.

The new trusted contact and pausing of disbursement rules might not be able to stop people from trying to take advantage of seniors. But, providing brokerage firms with ways to respond to situations in which they have a reasonable basis to believe that financial exploitation is occurring, can make it more difficult for fraudsters to succeed. It is important for brokers to have this ability when potential financial exploitation is suspected because once the money has been disbursed, it might be difficult to get it back. Importantly, brokers cannot use the rule to pause a disbursement when they do not suspect financial exploitation.

Holistic wealth planning includes cash management

When you plan for your long-term goals, such as enjoying a comfortable retirement, supporting worthy causes and leaving a legacy for your family, you may be focusing your attention on strategies to help produce investment growth and income.

Yet your goals-based planning efforts are also supported by an essential, but sometimes-overlooked, wealth management topic: *cash management*. In fact, there are three key reasons to consider the role cash plays in your life and how to plan for the cash that may be necessary to meet your current and future cash needs.

Stabilize your income stream
If you are retired or you depend on your portfolio for part of your income, cash management solutions can offer efficient access to your cash and help smooth out your income stream.

Improve your liquidity
There may be expenses in life we do not anticipate, such as a major repair, a medical emergency, or a job or business loss. Holding sufficient cash may help you prepare for the unexpected.

Gain financial flexibility
By allocating some of your portfolio to cash, you can act quickly when an investment or business opportunity presents itself.

When you include cash as part of your overall wealth management plan, you may also find it beneficial to employ a methodical "three-bucket" approach used by many institutional investors:

Operating cash

With a zero- to six-month time horizon, the purpose is to meet daily cash management needs (such as paying bills or living expenses). Liquidity and safety of principal are the primary requirements, so the focus is on low-risk options that provide immediate access to funds.

Please note that retirees and others who do not have a steady source of earned income may want to extend the cash allocated for operating cash purposes to 12 months or even longer. This prolonged cash cushion can help protect against market volatility or being forced to sell investments at an inopportune time.

Core cash

With a six- to 12-month time horizon, the purpose is to provide occasional access to funds for periodic near-term needs (such as holiday gift giving, a semiannual insurance premium or an annual vacation). Liquidity is a secondary requirement, so the focus is on low risk and incremental yield.

Strategic cash

With a 12- to 24-month time horizon, the purpose is to accomplish major, longer-term cash goals (such as paying college tuition). Liquidity requirements are identified ahead of time, so the investment focus is on optimized risk and returns.

We can help you fill these buckets with a variety of cash management solutions that may be appropriate for your liquidity, risk and return requirements. One or more can be used to create a custom cash management plan to help meet your immediate and near- and long-term needs.

A standby line of credit, such as one backed by eligible securities in your portfolio, can also help create liquidity, particularly in emergencies. Typically, there is no setup cost or ongoing fees. Plus, interest rates and repayment terms are often advantageous. A good rule of thumb is 24-36 months of living expenses.

There is an old proverb that says "cash is king" when negotiating a favorable deal. While there may occasionally be some truth to that age-old adage, it can honestly be said that cash can play a noble role in your wealth planning efforts as well.

To learn more about cash management strategies and solutions, please call your financial advisor.

Asset-based lending may not be suitable for all investors. You must maintain sufficient collateral to support outstanding loans. Before using such products, you should read the Margin Disclosure Statement or line of credit literature and regulatory disclosures to ensure you understand the risks involved.

Lending services are offered to clients by different entities. Our firm and/or your financial advisor may receive compensation in conjunction with offering or referring these services.

Teach children how to manage money responsibly

As a financial role model, there are practical things you can do to help the young people you care about learn how to manage money responsibly – both for today and for tomorrow.

For younger children (up to age 10)

All children, and especially younger ones, learn from seeing and doing. When they are learning about numbers, start teaching them about money by talking about the values of coins and small bills. Then let them use real money to make "pretend" purchases of household items, including learning to make proper change.

Make sure you model good spending habits. When you shop, explain that everything costs money, how to compare prices and how to buy items on sale. Discuss the importance of planning by preparing a list ahead of time and using it to avoid impulse purchases.

For older children (ages 11-15)

Once they are old enough to earn money by helping around the house, babysitting and doing chores for neighbors, help them explore the four pillars of finance.

Spending— Have them allocate some of their earnings to a short-term cash fund they can use to spend as they choose, such as purchasing music, movies or games they want.

Savings — Also have them allocate money toward longer-term goals. Perhaps they want to save for a smartphone, a bicycle or a trip with a youth organization to which they belong. The purpose is to help them learn the satisfaction of saving for a goal and ultimately achieving it.

Giving— Many families impress upon children the importance of sharing what they have with others. Encourage them to donate a portion of their money to a charitable, religious or educational group that is important to your family.

Investing— Play an informal stock market game by tracking performance of several stocks of companies they can relate to through the products they use. Explain that investing offers both risks and rewards—and that successful investors often hold stocks for the long term.

For young adults (ages 16-21)

Young adults may be saving toward more expensive goals. Perhaps they want to purchase their first car or help contribute to their college education. If this is the case, consider matching a certain portion of their savings as an incentive.

This may also be the time to open a custodial account to make small investment transactions on behalf of young adults who have the proper maturity and financial resources. When they become legal adults, the custodial account is then transferred to them to manage, after which you may want to offer to help them make decisions before they buy or sell securities. In terms of investing for education goals, custodial accounts are considered assets of the student for financial aid purposes.

As a financially responsible adult, there is much you can do to help provide a good foundation in money management and investing for the children you care about — and those are skills that can last a lifetime.

For more information about helping children develop financial literacy skills, please contact your financial advisor.

Recipe Corner

Need an easy family meal or potluck dish? Try this chicken casserole that is sure to become a family favorite.

<u>Ritz Chicken Casserole</u>

1 can (10.5 oz.) condensed cream of chicken with herbs soup

1 cup sour cream

1/2 cup sliced green onions (optional)

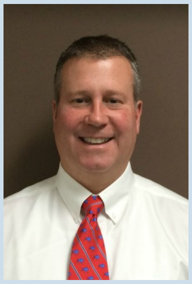
1 family-size cooked rotisserie chicken, deboned and shredded (3 cups)

2 sleeves Ritz crackers, crushed

1/2 cup (1stick) salted butter, melted

Preheat oven to 350 degrees. Spray a 2.5 quart baking dish (or a 9x9 square baking dish) with no-stick cooking spray. In a large bowl, mix together the soup, sour cream, and green onions. Stir in chicken. Spread mixture into prepared dish. Combine crushed crackers and melted butter. Sprinkle the cracker mixture over the casserole. Bake for about 25-30 minutes—until the cracker topping is golden brown and the casserole is bubbly.

—Tried and approved by Michelle Cline (without the green onions) —



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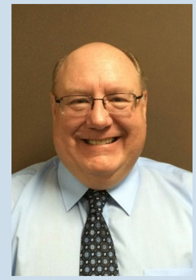

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