SEC

OFFICE of INVESTOR EDUCATION and ADVOCACY

Before You Invest, **Investor.gov**

FINANCIAL READINESS

SAVING AND INVESTING FOR MILITARY PERSONNEL

Dear Service Member

While money doesn't grow on trees, it can grow when you save and invest wisely.

Knowing how to secure your financial well-being is one of the most important things you'll ever need in life. You just need to know a few basics, form a plan, and be ready to stick to it. No matter how much or little money you have, the important thing is to educate yourself about your opportunities. In this brochure, we'll cover the basics on managing debt and credit, saving and investing, and planning for retirement.

At the SEC, we enforce the federal laws that determine how investments in securities are offered and sold to, and purchased by, you. These laws help protect investors. Part of this brochure discusses how you can also help protect yourself from fraud.

No one can guarantee that you'll make money from the investments you make. But if you get the facts about saving and investing and follow through with an intelligent plan, you should be able to gain financial security over the years and enjoy the benefits of smart money management.

Please feel free to contact us with any of your questions or concerns about investing. It always pays to learn before you invest. And congratulations on taking your first step on the road to financial security!

U.S. Securities and Exchange Commission
Office of Investor Education and Advocacy
100 F Street, NE
Washington, DC 20549-0213
Toll-free: (800) 732-0330
Website: Investor.gov

Getting Started

Don’t Wait! It’s Easier Than You Think

No one is born knowing how to save or invest. Every successful investor starts with the basics—the information in this brochure.

A few people may stumble into financial security—a wealthy relative may die, or a business may take off. But for most people, the best way to attain financial security is to save and invest over a long period of time.

Time after time, people of even modest means who begin the journey reach financial security and all that it promises: buying a home, paying for educational opportunities for their children, and enjoying a comfortable retirement. If they can do it, so can you!

KEYS TO FINANCIAL SUCCESS
1. Make a financial plan.
2. Pay off any high interest debts.
3. Start saving and investing as soon as you’ve paid off your debts.

Making a Financial Plan

What are the things you want to save and invest for?

- Emergencies
- A home
- A car
- Your family
- Educational opportunities

- A comfortable retirement
- A comfortable social life
- Other goals

Make your own list and then think about which goals are the most important to you. List your most important goals first.

Decide how many years you have to meet each specific goal because when you save or invest you'll need to find a savings or investment option that fits your timeframe for meeting each goal. Many tools exist to help you put your financial plan together.

You'll find a wealth of information, including calculators and links to non-commercial resources at Investor.gov.

Know Your Current Financial Situation

Sit down and take an honest look at your entire financial situation. You'll need to figure out on paper what you own and what you owe. You'll be creating a *net worth statement*. On one side of the page, list what you own. These are your assets. And on the other side, list what you owe other people, your *liabilities* or debts.

Subtract your liabilities from your assets. If your assets are larger than your liabilities, you have a *positive* net worth. If your liabilities are greater than your assets, you have a *negative* net worth.

You'll want to update your net worth statement every year to keep track of how you are doing. Don't be discouraged if you have a negative net worth. If you follow a plan to get into a positive position, you're doing the right thing.

Know Your Income and Expenses

The next step is to keep track of your monthly income and your expenses. Write down what you and others in your family earn, then your expenses.

YOUR NET WORTH STATEMENT			
Assets	**Current Value**	**Liabilities**	**Amount**
Cash		Mortgage balance	
Checking accounts		Credit cards	
Savings		Bank loans	
Cash value of life insurance		Car loans	
Retirement accounts		Student loans	
Real estate		Other	
Home			
Other investments			
Personal property			
TOTAL		**TOTAL**	

Finding Money to Save or Invest

If you are spending all your income, and never have money to save or invest, you'll need to look for ways to cut back on your expenses. When you watch where you spend your money, you will be surprised how small everyday expenses that you can do without add up over a year.

■ How much does a cup of coffee cost you?

If you buy a cup of coffee every day for $1.50, that adds up to $547.50 a year. If you saved that $547.50 for just one year, and put it into a savings or investment account that earns 5 percent a year, it would grow to $698.76 by the end of five years, and by the end of 30 years, to $2,366.26.

That's the power of *compounding*. With compound interest, you earn interest on (1) the money you save, as well as (2) the interest that has previously been earned. Over time, even a small amount saved can add up to big money. If you are willing to watch what you spend and look for little ways to save on a regular schedule, you can make your money grow. You just did it with one cup of coffee.

If a small cup of coffee can make such a huge difference, start looking at how you could make your money grow if you decided to spend less on other things and save those extra dollars. If you buy on impulse, make a rule that you'll always wait 24 hours to buy anything. You may lose your desire to buy it after a day. And try moving any extra money left in your checking account to your savings account every couple weeks. You'll be surprised at how quickly small money can add up!

KNOW YOUR INCOME AND WHAT YOU SPEND

Monthly Income: ______________________

Monthly Expenses	
Savings	
Investments	
Clothing	
Rent or mortgage	
Electricity	
Gas/oil	
Telephone	
Water/sewer	
Property tax	
Furniture	
Food	
Transportation/car	
Loans	
Insurance	
Education	
Recreation	
Child care	
Health care	
Gifts	
Other	
TOTAL	

Pay Off Credit Card or Other High Interest Debt

Speaking of things adding up, few investment strategies pay off as well as, or with less risk than, merely paying off all high interest debt you may have.

Many people have wallets filled with credit cards, some of which they've "maxed out" (meaning they've spent up to their credit limit). Credit cards can make it seem easy to buy expensive things when you don't have the cash in your pocket—or in the bank. But credit cards aren't free money.

Most credit cards charge high interest rates—as much as 18 percent or more—if you don't pay off your balance in full each month. If you owe money on your credit cards, the wisest thing you can do is pay off the balance in full as quickly as possible. Virtually no investment will give you the high returns you'll need to keep pace with an 18 percent interest charge. That's why you're better off eliminating all credit card debt before investing. Once you've paid off your credit cards, you can budget your money and begin to save and invest. Here are some tips for avoiding credit card debt:

Put Away the Plastic

Don't use a credit card unless your debt is at a manageable level and you know you'll have the money to pay the bill when it arrives.

Know What You Owe

It's easy to forget how much you've charged on your credit card. Every time you use a credit card, record how much you have spent and figure out how much you'll have to pay that month.

Pay Off the Card with the Highest Rate

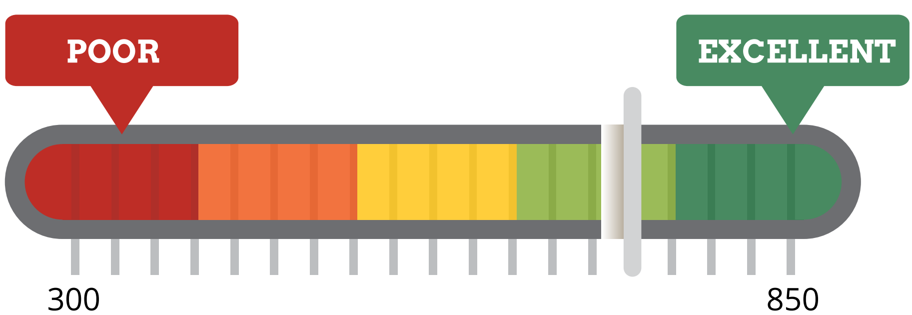
If you've got unpaid balances on several credit cards, you should first pay down the card that charges the highest rate. Pay as much as you can toward that debt each month until your balance is once again zero, while still paying the minimum on your other cards.

The same advice goes for any other high interest debt (about eight percent or more) which does not offer the tax advantages of, for example, a mortgage.

Manage Your Credit Score

Your credit score—a number between 300 and 850—is the financial barometer that measures the creditworthiness and risk potential of an individual consumer.

It's one of the tools used by banks and lenders to determine the interest rate you'll pay on a given loan. The higher your credit score, generally the lower the interest rate charged, and the lower your payments. A lower interest rate can mean big savings over time. A higher credit score also makes it easier to be approved for new lines of credit, such as a mortgage or car loan.



- **You can improve your credit score. These guidelines may help:**

    1. Pay your bills on time, every time.
    2. Don't get close to your credit limit.
    3. A long credit history will help your score.
    4. Only apply for credit that you need.
    5. Check your credit report annually at AnnualCreditReport.com and make sure the information is correct.

Making Money Grow

Once you have a financial plan and have paid off any high interest debts, it's time to consider how to make your money grow.

There are basically two ways to make money:

1. You work for money.

Someone pays you to work for them or you have your own business.

2. Your money works for you.

You take your money and you save or invest it.

The Differences Between Saving and Investing

Saving

Savings is the money you earn, but don't spend. This money is usually put into the safest places, or products, that allow you access to your money at any time. Savings products include savings accounts, checking accounts, and certificates of deposit. Some deposits in these products may be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. But there's a tradeoff for security and ready availability. Your money is paid a low wage as it works for you—and it may not even keep up with inflation.

Investing

When you *invest*, you try to make the money you earn grow. When you invest, you have a greater chance of losing your money than when you *save*. The money you invest in securities, mutual funds, and other similar investments typically is not federally insured. You could lose your *principal*—the amount you've invested. But you also have the opportunity to earn more money.

THE BASIC TYPES OF PRODUCTS	
Savings	**Investments**
Savings accounts	Bonds
Certificates of deposit	Stocks
Checking accounts	Mutual funds/ETFs
	Real estate
	Commodities (gold, silver, etc.)

Automatic Contributions

Some people get into the habit of saving and investing by following this advice: always pay yourself or your family first. Many people find it easier to save or invest first if they allow their bank to automatically remove money from their paycheck and deposit it into a savings or investment account.

For money you want to invest, one of your best options for making automatic contributions is to participate in the Thrift Savings Plan (TSP). The TSP is the federal government's version of a 401(k). Contributions can be automatically deducted from your pay and provide tax advantages either today (traditional) or in the future (Roth). The TSP is discussed in more detail under the Planning for Retirement section.

Any time you have automatic deductions made from your paycheck or bank account, you'll increase the chances of being able to stick to your plan and to realize your goals.

What about risk?

All investments involve taking on risk. It's important that you go into any investment in stocks, bonds, ETFs or mutual funds with a full understanding that you could lose some or all of your money in any one investment.

Diversification, or spreading money among various investments, is the best way investors protect themselves against risk. This strategy can be neatly summed up as, "Don't put all your eggs in one basket." Diversification can't ***guarantee*** that all of your investments won't suffer if the market drops. But it can improve the chances that you won't lose money, or that if you do, it won't be as much as if you weren't diversified.

What are the best investments for me?

The answer depends on factors like:

- when you will need the money
- your goals
- your ability and willingness to take risk

If you are saving for retirement, and you have 35 years before you retire, you may want to consider investment products that may grow faster over the long run, knowing that if you stick to only the "savings" products or to less risky investment products, your money will grow too slowly—or, given inflation and taxes, you may lose the purchasing power of your money. A common mistake people make is putting money they will not need for a very long time in investments that pay a low amount of interest. However, with the possibility of growing faster comes exposure to more risk and the possibility of losing money.

On the other hand, if you are saving for a short-term goal, five years or less, you don't want to choose high-risk investments because when it's time to sell, you may have to take a loss. Since investments often move up and down in value rapidly, you don't want to be vulnerable to market shifts when you need your money.

Stocks and Bonds

To invest in individual companies, you can buy either stocks or bonds. When you invest in a stock or bond, you are hoping that the company will be successful and your investment will grow as a result.

A stock is an instrument that signifies an ownership position (called an equity security) in a company, and a claim on a proportional share in its assets and profits. Generally, you can buy and sell stock that's listed on a stock exchange through a broker.

THE MAIN DIFFERENCES BETWEEN STOCKS AND BONDS

Stocks	Bonds
If the company profits or is perceived as having strong potential, its stock may go up in value. The company may also pay dividends. You may make more money than from the bonds.	The company promises to return your money plus interest.
Risk: The company may do poorly, and you'll lose a portion or all of your investment.	Risk: If the company goes bankrupt, your money may be lost. But if there is any money left, you will be paid before stockholders.

A bond is a debt security, similar to an IOU. When you buy a bond, you are lending money to the company. In return for the loan, the company promises to pay you a specified rate of interest during the life of the bond and to repay the principal when it *matures*, or comes due. You can buy or sell bonds through a broker.

Savings Deposit Program (SDP)

If you are serving in a designated combat zone, you may be eligible for the Savings Deposit Program (**www.DFAS.mil**). The SDP offers a guaranteed annual return of 10 percent on up to $10,000 in savings—a rate that far exceeds traditional savings accounts. The program was designed to provide members of the uniformed services in designated combat zones an opportunity to build their financial savings.

Mutual Funds and Exchange-Traded Funds (ETFs)

Because it is sometimes hard for investors to become experts on various businesses—for example, what are the best telecommunications, pharmaceutical, or computer companies—investors often depend on professionals who are trained to research companies and recommend companies that are likely to succeed. Since it takes work to pick the stocks or bonds of the companies that have the best chance to do well in the future, many investors choose to invest in mutual funds and ETFs.

What are mutual funds and ETFs?

A mutual fund or ETF is a pool of money run by a professional or group of professionals called the *investment adviser*. In a managed fund, after researching the prospects of many companies, the fund's investment adviser will pick the stocks or bonds of companies and put them into a fund.

Investors can buy shares of the fund, and their shares rise or fall in value as the values of the stocks and bonds in the fund rise and fall. Investors may typically pay a fee when they buy or sell their shares in the fund, and those fees in part pay the salaries and expenses of the professionals who manage the fund.

A Note About Fees and Expenses

Fees and expenses vary from fund to fund and the amount you pay may depend on the fund's investment strategy. A fund with high costs must perform better than a low-cost fund to generate the same returns for you. Even small differences in fees from one fund to another can add up to substantial differences in your investment returns over time.

For more information about mutual fund and ETF fees and expenses, be sure to read our online brochure entitled *Mutual Funds and ETFs – A Guide for Investors* (www.sec.gov/investor/pubs/inwsmf.htm).

How can I keep fund fees and expenses low?

One way that investors can obtain for themselves nearly the same returns as the market is to invest in an *index fund* or *index ETF*. This is a fund that does not attempt to pick and choose stocks of individual companies based upon the research of the fund managers. An index fund seeks to equal the returns of a major stock market index, such as the S&P 500, the Wilshire 5000, or the Russell 3000. Through computer programmed buying and selling, an index fund tracks the holdings of a chosen index, and so generates the same returns as an index minus, of course, the annual fees involved in running the fund. The fees for index funds and ETFs generally are lower than the fees for managed funds.

Historical data shows that index funds have, primarily because of their lower fees, enjoyed higher returns than the average managed fund. But, like any investment, index funds involve risk and historical data is no guarantee of future returns.

Working with an Investment Professional

■ Do I need an investment professional?

Are you the type of person who will read as much as possible about potential investments and ask questions about them? If so, maybe you don't need investment advice. But if you're busy with your job, your children, or other responsibilities, or feel you don't know enough about investing on your own, then you may want professional investment advice.

Investment professionals offer a variety of services at a variety of prices. It pays to comparison shop. You can get investment advice from most financial institutions that sell investments, including brokerages, banks, mutual funds and insurance companies. You can also hire a broker, an investment adviser, an accountant, a financial planner or other professional to help you make investment decisions. Some financial planners and investment advisers offer a complete financial plan, assessing every aspect of your financial life and developing a detailed strategy for meeting your financial goals.

Remember, there is no such thing as a free lunch. If professional financial advisers are working for you, they are getting paid for their efforts. Some of their fees are easier to see immediately than are others. But, in all cases, you should always feel free to ask questions about how and how much your adviser is being paid. And if the fee is quoted to you as a percentage, make sure that you understand what that translates to in dollars.

■ How do I choose the right investment professional?

Ask questions!

You can never ask a dumb question about your investments and the people who help you choose them, especially when it comes to how much you will be paying for any investment, both in upfront costs and ongoing management fees.

Here are some questions you should ask when choosing an investment professional or someone to help you:

- Are you licensed and registered with the SEC, FINRA or a state regulator?
- What training and experience do you have? How long have you been in business?
- What is your investment philosophy? Do you take a lot of risks or are you more concerned about the safety of my money?
- Describe your typical client. What experience do you have working with people like me?
- How do you get paid? A "commission" that is based on certain transactions in my account? A percentage of assets you manage? Another method? Do you get paid more for selling your own firm's products?
- How much will it cost me in total to do business with you?

An investment professional has a duty to make sure that he or she only recommends investments that are suitable for you. The best investment professional is one who fully understands your objectives and matches investment recommendations to your goals.

"Robo-advisers" offer automated digital investment advisory programs. They allow individual investors to input information through a web portal or mobile application, and they use that information to create and manage those individuals' investment accounts. Robo-advisers are typically registered investment advisers. In some cases robo-advisers may offer advisory services at a lower cost than traditional advisers, but your ability to interact with a human may be very limited or non-existent. You should carefully consider whether a robo-adviser is right for you before making a decision to invest through one.

■ Before you Invest, Investor.gov

Investor.gov has a free and simple search tool that allows you to find out if your investment professional is licensed and registered, and if he or she has a disciplinary history or customer complaints. ALWAYS check the background of any investment professional before hiring him or her to manage your money.

Planning for Retirement

Factors to Consider

Retirement may seem distant, and as a member of the military, saving for retirement may feel like the least of your concerns. However, planning for retirement is one of the most important ways of ensuring your long-term financial security. The earlier you start saving, the better chance you will have of meeting your goals. There are many factors you will want to consider when you think about saving for retirement, including:

- Your age
- When you plan to retire
- Your risk tolerance

With these factors in mind, you should consider how best to take advantage of the retirement benefits available to you. You should also consider how to reinforce those retirement benefits with additional savings and investments.

Retirement System

Two Different Retirement Systems

As a member of the military, you are under one of two retirement systems.

1. Legacy Retirement System, officially called the **Uniformed Services Retirement System**, is a defined benefit plan: if you serve 20 years or more, you will receive a lifetime monthly annuity (pension) determined by years of service and the average of your highest 36 months of basic pay. You must serve at least 20 years to receive any benefit from this plan. If you were a service member on or before December 31, 2017, you are under the Legacy Retirement System unless you opted into the Blended Retirement System.

2. Blended Retirement System (BRS) is a combination of a retirement annuity for those who serve 20 years or more and contributions to a defined contribution plan, known as the Thrift Savings Plan (TSP). You receive TSP contributions whether or not you serve for 20 years or more, and under the BRS, the Department of Defense (DoD) will match your TSP contributions up to 5%. If you joined military service on or after January 1, 2018, you are automatically under the BRS.

Defined benefit plans also are known as pension plans. Employers sponsor defined benefit plans and promise that plan investments will provide you with a specified monthly benefit at retirement. The employer bears the investment risks.

Defined contribution plans like the TSP do not promise a specific payment upon retirement. In these plans, the employee or the employer (or both) contribute to the employee's individual account. The employee bears the investment risks.

For more information on preparing for retirement, consider one or more of these resources:

- DOD Blended Retirement Page: (**militarypay.defense.gov/BlendedRetirement**)
- Military OneSource—Free financial counseling: (**militaryonesource.mil**) or 1-800-342-9647 (24/7/365)
- On Base—Personal financial manager/command financial specialist.

Thrift Savings Plan (TSP)

What is the TSP?

The TSP can be a great option to save for retirement. It is a federal government-sponsored retirement savings and investment plan that is available to military members. The TSP offers the same type of savings and tax benefits that many private corporations offer their employees under 401(k) plans.

Like a 401(k) plan, the TSP is a defined contribution plan, meaning that the employee can make regular contributions into the plan. In the case of those military members under the BRS, the DoD as your employer makes additional contributions to your TSP account. The TSP is available to those under the Legacy Retirement System, but the DoD does not provide contributions.

The DoD makes no guarantees as to future account value, benefits, or income from the TSP. The ultimate account value and benefits derived from the TSP are based solely on the amounts contributed, expenses, and any gains and losses in the underlying investments. Unlike the Legacy Retirement System, which is based on years of service and the rank held at the time of retirement, the TSP account is portable. This means that the account holder retains ownership whether or not he or she separates from the uniformed services prior to being eligible for retirement.

The TSP can be one of your best options to save for retirement, offering:

- Easy enrollment
- Automatic saving
- Low fees and expenses
- Tax benefits

The TSP website (TSP.gov) explains the benefits available to the military.

Contributing to the TSP

The TSP offers two account options, Roth and traditional.

The Roth TSP allows you to contribute after-tax income to the TSP. The earnings in your Roth TSP account are not taxed when you take this money out of your account. This allows you to withdraw tax-free income during retirement.

The traditional TSP allows you to contribute before-tax income to the TSP, lowering your taxable income in the year you make the contribution. In a traditional TSP account no federal income taxes are paid on contributions to the traditional TSP account, but you are required to pay taxes on the contributions and earnings when you withdraw the funds in retirement.

Investment Options in the TSP

The TSP offers five individual investment funds—the Government Securities Investment Fund (G Fund), Fixed Income Index Investment Fund (F Fund), Common Stock Index Investment Fund (C Fund), Small Cap Stock Index Investment Fund (S Fund), and International Stock Index Investment Fund (I Fund). Each fund has a different fund objective and investment strategy. The funds also have varying degrees of risk and different potential rewards.

Combat Zone Pay

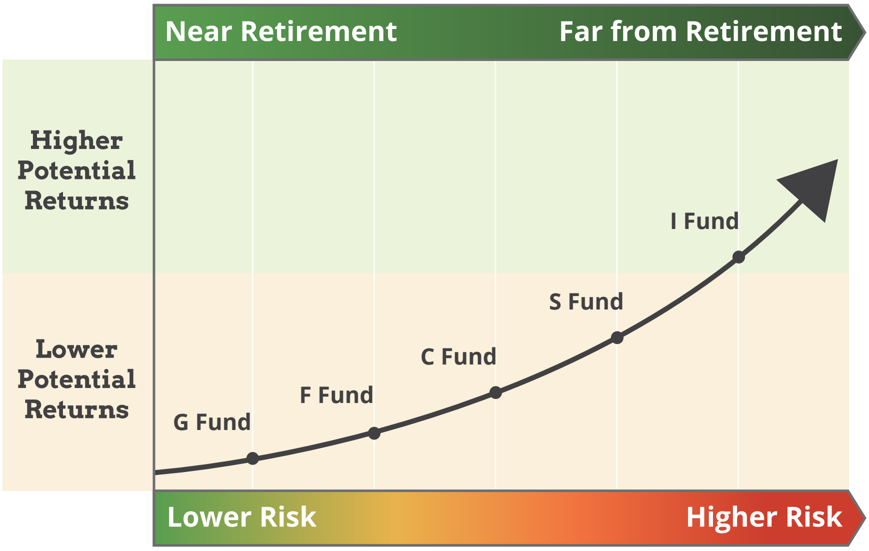
There is another difference regarding taxes on a Roth TSP and traditional TSP unique to uniformed service members. Uniformed service members who make contributions to their Roth TSP from tax-exempt combat zone pay never have to pay taxes on those contributions or the investment earnings from those contributions if the withdrawals are qualified. Uniformed service members who make contributions of tax-exempt combat zone pay into a traditional TSP also will not have to pay taxes on such contributions, but they will have to pay taxes on the earnings of those contributions upon retirement. Social Security taxes are paid on both Roth TSP contributions and traditional TSP contributions.

The TSP also offers lifecycle funds that invest in a combination of the five individual TSP funds based on professionally determined asset allocations. These funds are designed to make investing for retirement more convenient by automatically changing your investment mix or asset allocation over time. As an investor in a lifecycle fund, you pick a fund with the right target date based on your particular investment goals. For example, you might pick the L 2050 Fund if you are looking to withdraw your money for retirement around the year 2050. The managers of the fund then make all decisions about asset allocation, diversification, and rebalancing.

You can find more information about your investment options in the TSP at TSP.gov.

Options When You Leave the Military

Even after you leave the military, you have the option to leave some or all or some of your money in the TSP. However, you will no longer be able to make additional contributions to the TSP.



You can also roll your TSP account into your new employer's plan or an individual retirement account (IRA). It might seem nice to combine all of your retirement assets in one place, but you should carefully compare the fees and expenses of the new plan or IRA to those of the TSP. The TSP may offer fees and expenses that are significantly below average, and the difference in cost between keeping your money in the TSP versus another retirement plan can be significant over the long term.

Note: Be cautious if anyone offers you an investment and claims any type of affiliation with the government, the TSP, or government retirement plans. Call the SEC's toll-free investor assistance line at (800) 732-0330 to check whether the seller is registered.

Other Ways to Save for Retirement

Of course, your retirement savings don't have to be limited to the retirement benefits offered by the DoD. If possible, consider saving and investing additional money on your own. On **Investor.gov**, explore a wealth of information about retirement topics, such as employer-sponsored plans, managing lifetime income, avoiding retirement fraud and understanding senior specialists' designations. Use **Investor.gov's** 401(k) and IRA Required Minimum Distribution Calculator to determine how much you are required by IRS regulations to withdraw from your retirement fund at various ages.

How to Avoid Fraud

The last place you want your savings to end up is in the hands of a fraudster. Understanding how investment scams work is an important step in avoiding fraud and protecting your hard-earned money.

Common Types of Fraud:

■ Affinity Fraud

Military personnel may be at heightened risk for affinity fraud. Affinity frauds target members of identifiable groups through exploiting the trust and friendship that exist in a group of people who have something in common. In the case of military personnel and veterans, the strong bonds and feelings of trust they have for those who have served in the same units, branch of service, military occupation, or theater of combat can make them susceptible to fraud by someone claiming to be a member of such a group. Sometimes the fraudsters are in fact members of that group. In other instances, the fraudster may only pretend to be affiliated with the group.

Fraudsters may convince unsuspecting group leaders to promote the scheme. Fraudsters may also use social media to promote an affinity fraud and encourage group members to use social media to share information about a so-called investment opportunity with others. Victims may hesitate to notify authorities or pursue legal remedies.

■ "Ponzi" and Pyramid Schemes

Many affinity frauds are Ponzi or pyramid schemes. In a Ponzi scheme, money from new investors is used to pay "returns" to existing investors. In a pyramid scheme, new participants' fees are used to pay recruiting "commissions" to existing participants. In both types of schemes, when new investors stop coming in, the scheme collapses and investors lose their money.

■ Pump-and-Dump Schemes

Fraudsters may promote a stock to create a buying frenzy that will pump up the share price so that they can sell their shares at investors' expense. Fraudsters may promote the stock through seemingly unbiased sources including social media, investment newsletters, investment research websites, online advertisements and newsletters, email, direct mail, newspapers, magazines, television, and radio.

Warnings of Potential Fraud

Investment scams tend to share some common characteristics. Watch out for red flags of fraud:

"Guaranteed returns" aren't. If someone promises you a guaranteed high rate of return on your investment, it likely is a fraudulent investment scheme.

If it sounds too good to be true, it is. Every investment carries some degree of risk. Low risk generally means low yields, and high yields typically involve high risk.

Unsolicited offers, including through social media. A new post on your wall, a tweet mentioning you, a direct message, an e-mail, a text, a phone call, or any other unsolicited communication regarding an investment "opportunity" may be part of a scam.

Beauty isn't everything. Don't be fooled by a sophisticated looking website or documents.

Lack of documentation. Be skeptical of investments without documentation reflecting the promoter's claims. If there's nothing in writing, walk away.

How Can I Avoid Being Scammed?

■ Check Out the Financial Professional

Unlicensed, unregistered persons commit many of the securities frauds that target retail investors. Even if a close friend or family member or a group of friends recommends a financial professional, or the financial professional claims to have impressive credentials, you should still check out that person for signs of potential problems before becoming a customer. Working with a financial professional who is registered or licensed with federal or state securities regulators affords you certain legal protections. Investor.gov has a free and simple search tool that allows you to find out if your investment professional is licensed and registered, and if he or she has a disciplinary history or customer complaints.

■ Ask Questions and Check Out the Answers

Fraudsters rely on the fact that many people simply don't bother to investigate before they invest. Do your own research, and understand the investment and its risks. Carefully review all of the materials available to you and, if possible, verify what you are told about the investment. Never make an investment decision based on just one source.

■ Research Before You Invest

Just because someone you know made money, or claims to have made money, doesn't mean you will too. Any offer or sale of securities must be registered with the SEC or exempt from registration. Registration provides investors with access to key information about the terms of a product being offered or of a company's management, products, services, and finances. You can check whether an issuer has registered its securities offering with the SEC by using the SEC's EDGAR database online or call the SEC's toll-free investor assistance line at (800) 732-0330 (or 1-202-551-6551 from outside of the U.S.). Investor.gov also has a vast library of educational resources on investing, different investment products and how the market works.

Beware of Persuasion Tactics

Fraudsters may use persuasion tactics including *phantom riches* (dangling the prospect of wealth, enticing you with something you want but can't have), *source credibility* (trying to build credibility by claiming to be with a reputable firm or to have a special credential or experience), *social consensus* (leading you to believe that other savvy investors have already invested), *reciprocity* (offering to do a small favor for you in return for a big favor), and *scarcity* (creating a false sense of urgency by claiming limited supply).

Take Your Time—Don't Be Rushed Into Investment Decisions

Fraudsters may tell their victims that this is a once-in-a-lifetime offer, and it will be gone tomorrow. But resist the pressure to invest quickly, and take the time you need to investigate before sending your money.

Be Cautious with Offshore Investments

When you send your money abroad, and something goes wrong, it may be more difficult to find out what happened and to locate your money.

Don't Lose Sight of Your Investments

Monitor the activity in your account and request regular statements. Get access to your account online, if available. That way you can check on your money frequently from anywhere in the world you have internet access. Ask about any trading activity that you don't understand. Remember—it's your money.

- **Question Why You Cannot Cash Out Your Principal Or Profits**
Fraudsters may use delay tactics when you request your principal or profits. Don't be fooled by explanations as to why you can't get your money back or by suggestions that you roll over your "profits" into other investments.

- **Report Problems**
If you suspect possible securities fraud, report it to the SEC by submitting a complaint on SEC.gov. If you have a problem concerning your investments, your investment account or a financial professional, call the SEC's toll-free investor assistance line at (800) 732-0330 (or 1-202-551-6551 from outside of the U.S.).

Where to Go for Help

SEC Office of Investor Education and Advocacy

If you encounter a problem with an investment or have a question, you can contact the SEC's Office of Investor Education and Advocacy at:

SEC Office of Investor Education and Advocacy
100 F Street, NE
Washington, D.C. 20549-0213
Telephone: (800) 732-0330
Fax: (202) 772-9295

You also can send us an online complaint form (www.sec.gov/complaint.shtml) or email us at help@sec.gov.

INVESTOR.GOV

Investor.gov—the SEC's website designed for individual investors—includes a section with resources specifically for military personnel at Investor.gov/military.

You can view copies of the publications and brochures listed below on Investor.gov. The publications are available in both English and Spanish, and are available for download.

- **Ask Questions—Questions You Should Ask About Your Investments**
- **Saving and Investing—A Roadmap to Your Financial Security Through Saving and Investing**
- **Mutual Funds and Exchange-Traded Funds—A Guide for Investors**
- **Stopping Affinity Fraud in Your Community**

Additional SEC Resources

Our online search tool at Investor.gov allows you to check the registration status and background of investment professionals. If you have been a victim of a scam, you can check the SEC's website at www.sec.gov/litigation.shtml for information about SEC actions and investor claims funds.

State Regulators

While the SEC regulates and enforces the federal securities laws, each state has its own securities regulator that enforces what are known as *blue sky laws*. These laws cover many of the same activities the SEC regulates, such as the sale of securities and those who sell them, but are confined to securities sold or persons who sell them within each state.

In addition, your state securities regulator can tell you whether an investment is registered and whether an investment professional and his or her firm are licensed to do business in your state. Your state regulator also can check an investment professional's disciplinary history.

You can find out the name of your state securities regulator by visiting the website of the North American Securities Administrators Association, Inc. (NASAA) (nasaa.org) or by calling (202) 737-0900.

Other Websites

Department of Defense Blended Retirement Page:
(militarypay.defense.gov/BlendedRetirement)

Thrift Savings Plan:
(tsp.gov)

Military OneSource:
(militaryonesource.mil)

Consumer Financial Protection Bureau Information for Service Members:
(consumerfinance.gov/servicemembers)

Federal Trade Commission's Military Consumer:
(militaryconsumer.gov)

Military Saves:
(militarysaves.org)

Keep in Touch With Us

U.S. Securities and Exchange Commission
Office of Investor Education and Advocacy
Telephone: (800) 732-0330
Email: help@sec.gov
Twitter: @SEC_Investor_Ed
Facebook: facebook.com/secinvestoreducation
Website: Investor.gov

The Office of Investor Education and Advocacy has provided this information as a service to investors. It is neither a legal interpretation nor a statement of SEC policy. If you have questions concerning the meaning or application of a particular law or rule, please consult with an attorney who specializes in securities law.

SEC

Office of Investor Education and Advocacy

Before You Invest,
Investor.gov

SEC Pub. 189 (02/19)