

Free lunch? Do your research on the host

One of my longtime local clients recently attended a “free” seminar at an upscale local eatery.

She had received the invite in the mail for this event, which was billed to be an informational seminar accompanied by a meal. As a retired widow in her 70s she receives invitations of this type fairly often, and she figured she’d check it out, since it was being held at a restaurant she had been wanting to try.

Even though she’s a skeptical sort, she was still a bit surprised at some of what she encountered.

Like many events of this type, the focus of the presentation was to provide the attendees (almost exclusively senior citizens) with just enough information to persuade them that they would need to address some financial issue. Of course, the presenter would be happy to help – with details in a personal follow-up meeting.

Don’t get me wrong – there are many well-meaning, competent individuals in the financial services industry and it is not uncommon for one of us to host an occasional informational seminar. These events can be a great way to obtain information on changes to laws affecting investments and strategies for obtaining various financial goals.

The catch is to make sure the event is hosted by someone who is qualified to speak on the topic and not using the event as the first step in a high-pressure sales pitch. All too often those involve a product that pays high commissions but aren’t necessarily the best fit for the person buying it.

Start by scrutinizing the invitation. If the host is a registered securities representative or affiliated with a registered investment adviser, any written correspondence provided to the public must contain a disclosure similar to the one you see at the end of my column every month. That disclosure is there for a reason, and it gives you a lot of information – not only about the person’s affiliations but also what type of business oversight that person is subject to.

This information can also be an excellent first resource for you to do some background checking.

If he or she is a registered securities representative, you can access a host of background information through the Financial Industry Regulatory Authority (FINRA, formerly the NASD). On the top left hand corner of their Web site (www.finra.org) is a link to “FINRA Broker Check,” which allows you to look up background information on any registered representative - licensing, broker dealer affiliation and, most importantly, disclosable events. Disclosable events include past client complaints, disciplinary actions and criminal history – all things that I would think a prospective client would want to know about their adviser.

You can also get information by calling FINRA at (800) 289-9999.

If the representative is licensed to sell any sort of insurance in Wisconsin, similar information is available through the Office of the Commissioner of Insurance, www.oci.wi.gov or (800) 236-8517.

Sometimes this person will also have some sort of special designation listed next to their name, such as CERTIFIED FINANCIAL PLANNER (CFP) professional, as mine does. Be careful when looking to know what the designation listed actually means before assuming that it indicates any level of expertise.

According to The New York Times, “individuals authorized by the CFP Board to call themselves CFP professionals have completed the established and rigorous education, examination, experience and ethical requirements of the CFP certification process.” While there are other designations that can be considered legitimate, such as Chartered Financial Analyst (CFA), many designations take little more than writing a check to obtain.

An area coming under increasing scrutiny at both the state and federal level is the use of “senior specialist” designations. Many designations such as the “Certified Senior Adviser” have been banned from use in some states and are now being looked at federally by the Senate Committee on Aging (U.S. Sen. Herb Kohl is the chair). The states that have banned the use of such designations cite how these designations can have limited requirements to obtain – only the payment of a fee and passing an on-line course – and yet advisers are using them to bill themselves as experts in working with seniors. It probably comes as no surprise that the lady hosting the free seminar my client went to billed herself as a Certified Senior Adviser. What surprised my client, though, was some of the disclosure history we found on her.

It seems that in the 1980s she was found guilty of insurance fraud relating to her activities as an insurance agent. She was banned from the industry for a year and was then subject to several years of extra scrutiny before having her license fully reinstated.

Doesn't that sound like just the type of person who should be giving seniors financial advice?

If you have a question or an idea for a future topic, e-mail me at trisha@wealthstrategies.biz.

Trisha Arndt, CFP, is president of Wealth Strategies of Wisconsin Ltd, 535 Half Mile Road, Ste 5B, Verona, 848-2400. Securities and Investment Advisory Services offered through Commonwealth Financial Network, member FINRA/SIPC, a registered investment adviser