

VEGAS STRONG

INVESTMENT & FINANCIAL PLANNING TOOLKIT

Legal Aid Center of Southern Nevada extends its deepest condolences to those impacted by the tragic events of October 1, 2017. Our hearts also go out to those who were physically and emotionally impacted. This guide was designed to assist recipients of funds from any of the victims' compensation funds, insurance proceeds, donations, or other monetary relief sources. We hope to provide you with useful and accessible financial information.*

We offer this information because persons receiving compensation after tragedies are often targeted by financial predators. We hope that this guide will help persons receiving funds manage and preserve those funds to serve life-long needs.

Financial Planning Tips

- Consider Financial Planning Assistance. Obtaining advice from a qualified, independent financial planner is important. To learn more about the importance of financial planning, go to: <https://www.napfa.org/financial-planning>
- Create an Emergency Fund. When something unexpected happens (broken water heater, job loss, or other problem), an emergency fund can get you through the emergency. Most recommend to have the equivalent of 3 to 6 months of living expenses set aside for emergencies so you do not need to turn to high interest rate credit cards, pay day loans and the like if you need money quickly. Emergency fund money should be readily available in an easily accessible account.
- Know What You're Buying. Do not invest in something you do not understand, no matter who recommends it to you.
- Research Investment Options. If you do not work with a professional, take the time to research investments options. Consider whether an investment is appropriate for where you are at this point in your life (ex: the older we are, the less risky we should be with our money).
- Know the Costs. Financial products and services often have significant fees and costs. Ask to see a required disclosure with documentation about how much you will pay in fees and commissions. Know what the costs are and compare the total expenses with the expected returns from the investment as well as the costs for similar investment options.

Tips for Avoiding Fraud

- Be Careful. Watch out for any investment option that seems too good to be true. If someone guarantees you high returns with little risk, it is almost certainly a scam.
- Scams Exist. Learn about trending scams against the elderly from the United States Senate Special Committee on Fraud. www.aging.senate.gov. [Learn about Fraud Alerts in Nevada.](http://www.consumeraffairs.nv.gov/Alerts/Fraud_Alerts) [www.consumeraffairs.nv.gov/Alerts/Fraud Alerts](http://www.consumeraffairs.nv.gov/Alerts/Fraud_Alerts)
- Common Scams. Fraudsters will take advantage of every opportunity to get your money. Look out for certain common tricks such as:
 - Social Consensus Approach – someone leads you to believe that other savvy investors have already invested in the scheme to try to convince you to invest too.

- Scarcity Approach – someone tries to convince you there is a limited supply or availability so that you will invest quickly.
- Grandparent Scams – caller asks for your money to help a relative in jail but warns you not to tell anyone.
- Fake Charities – these requests often follow natural disasters.
- Learn about other types of techniques scammers use by going to www.finra.org/investors/avoid-fraud
- Check out FINRA’s Scam Meter at https://tools.finra.org/scam_meter/
 - This takes the user through a short series of questions to help you determine whether your investment is “too good to be true.”

Preparing to Invest Money

- Goals. Think about why you want to invest before you make an investment (buy house, set up child’s college fund, etc.).
- Plan. To reach your investment goal, understand how much you earn and spend every month so you can begin saving to reach your investment goal.
- Time. Consider how much money you need to reach your goal and when you want to achieve your goal. Many people divide their goals into short-term (ex: down payment for new car), medium-term (ex: down payment for house), and long-term (ex: retirement savings). For long-term goals, remember that inflation will make things more expensive in the future.
- Risk. Investing has risks. Results are not guaranteed. Although high returns are possible, you should be careful about putting funds you will need soon into riskier investments.
- Diversify. Do not put all of your money into one investment. You can reduce risk by investing in different types of investments.

Types of Investments

- Stocks. These are “equity” securities that give an ownership interest in a company.
- Bonds. These are “debt” securities where a company pays you interest in exchange for the loan of your money.
- Mutual Funds & Exchange-Traded Funds (ETFs). These are pooled investment vehicles that invest in stocks, bonds or other financial instruments.
- Cash Equivalents. These include U.S. Treasury bills (T-bill) and other short-term interest paying investments such as money market mutual funds which is not the same as a money market deposit account at a bank. T-bills generally have a short maturity term of less than one year and are backed by the federal government.

Choosing an Investment and Tax Professional

- Know How They Are Paid. Ask any financial advisor how they are paid for giving you advice. Ask if they receive any compensation if you buy one product over another. Some financial advisers make more money if they sell you particular products.
- Your Best Interest. The law does not now require all financial advisers to give you financial advice in your best interest. Ask any financial adviser if they owe you a fiduciary duty to give you advice in your best interest.
- Tax Issues. Funds received as a result of October 1 may have tax consequences. You are encouraged to seek advice about possible tax consequences from a licensed CPA.
- Estate Planning. You may need assistance developing an estate plan or setting up a trust to address long-term financial planning. Turn to an experienced, licensed estate planning attorney for help.

- Vet Financial Advisors. There are licensed financial advisors with many customer complaints. Protect yourself and research the person who is selling you an investment. Know what questions to ask and find out if they are licensed. Go to: <http://www.finra.org/investors/ask-and-check> for more information.
 - The National Association of Personal Financial Advisors (NAPFA) has financial advisors who do not sell financial products on commission. NAPFA offers a search tool to help you find a NAPFA registered financial advisor. Go to: <https://www.napfa.org/what-is-a-nrfa> for more information.
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Some impacted individuals will receive a modest disbursement compared to those who lost a loved one and those who sustained serious, permanent injuries. Yet, individuals who receive a modest amount will benefit from the sound yet basic financial principals offered below. These tips and resources will help you manage your money and plan for your financial future in a responsible way.

Savings Tips

- Create a Budget. A budget lets you know how much you earn and spend every month.
- Savings Goals. A budget helps with short term and long term planning. You can use multiple methods to save money to reach your goals.
- Research Options. Determine which type of savings account may meet your short or long term needs and goals. Some common options include:
 - Deposit account (checking or savings) with a bank or credit union. The account balance is generally insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund up to a certain limit. You will have access to your money but the interest rates banks pay on checking and savings accounts are usually lower than other types of bank products.
 - U.S. savings bonds may be purchased online at www.treasurydirect.gov or through your bank.
 - Certificate of Deposit (CDs). CDs pay the highest rates but require you leave the money in the account for a specific period of time (term). If you withdraw you money before the CD matures (term ending date), you may forfeit some or all of the interest you expected to earn. Generally, the longer the term, the higher rate of interest rate paid on a CD.

Create a Budget

- Determine how much you earn every month from all sources of income after taxes and other deductions. This is called your net income.
- Calculate your average monthly expenses over 3 months so you have a good idea of how much you are spending. Include all recurring bills: rent, car payment, insurance, food, utilities, etc. Don't forget the discretionary items (coffee shops, gym memberships, gifts, etc.).
- Subtract your average monthly expenses from your net income. This will tell you how much you have left over every month.
- If you have more money every month, then you can designate that amount for savings. If you have less money every month or you have neither a negative or positive cash flow, then you will need to assess where you need to curtail unnecessary spending so that you can work towards a monthly surplus for saving and investing. It will help to categorize expenses into essential (needs) and non-essential (wants) so you can see where you can cut down or eliminate spending.

More Resources

How to find a NAPFA registered personal financial advisor:

<https://www.napfa.org/find-an-advisor#tab=filters>

How to create a budget: <http://www.finra.org/investors/how-create-budget-and-stick-it-7-steps>

Avoiding investment fraud: <http://nvsos.gov/sos/investor-information/investor-education/10-tips-to-avoid-investment-fraud>

Financial tips for grads: <http://www.finra.org/investors/grads-guidebook-5-things-new-grads-should-do-get-right-money-path>

Protecting your identity: <http://www.finra.org/investors/protect-your-identity>

Financial tips for every life stage: <https://www.360financialliteracy.org>

**Legal Aid Center of Southern Nevada is a 501(c)(3) corporation whose mission is to provide access to justice to the low-income and underserved populations in our community and is not a licensed provider of financial products or financial counseling. This guide is not intended to be comprehensive in scope or legal advice. Much of the information contained herein may be found at: www.finrafoundation.org/resources/education/modules.*

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