WELLS FARGO Advisors

Guide to financial well-being for older and vulnerable investors

Important information you should be aware of

Wells Fargo Advisors wants to ensure that you are aware of the various issues and risks associated with investing that are unique to older persons. This guide focuses on those issues and provides valuable information on not only how you can help protect yourself as on older investor, but also protect others in your community.

Who are older and vulnerable adult investors?

Older investors are defined as persons 60 years of age or older. It is estimated by 2030 1 in 6 people in the world will be aged 60 years or over. Today, for the first time in history, people aged 60 years and older have outnumbered children younger than five years. Thanks to modern medicine and technology, people are living longer, in fact many adults could be blessed with up to 30 additional years of life. (Information and statistics were obtained from the U.S. Census Bureau, the National Center for Health Statistics, the Bureau of Labor Statistics, and the World Health Organization.)

The Financial Industry Regulatory Authority (FINRA) has defined a vulnerable older adult to be a person who has a mental or physical impairment that renders the individual unable to protect his or her own interests. It may be an individual unable to learn and manage financial affairs, which may lead to some significant level of risk if assistance is not provided. Anyone can be the victim of financial exploitation. Elder financial exploitation crosses all social, educational, and economic boundaries. However, it is important to point out that older investors have more opportunities of contact and access to liquid assets than younger individuals. This may be through regular retirement and/or government income. Though older adults may not have a lot of income, the Federal Trade Commission reports that older adults lose more money than younger individuals.

What to consider before you invest

Prior to considering any investment product or service, it is important that you think about your unique needs and overall financial situation in order to determine whether the investment or service is right for you. Financial products and services offer many different risks and benefits, and before investing you should understand the features of each and how they may affect a person's current and future financial condition. Some of the key issues that you should be aware of as an older investor are the investment's level of risk, your liquidity needs, and the fees and costs associated with the investment. You should also fully understand interest rates and general expenses, your income needs, and the overall risk that you can afford to bear with the investment. Each of these and other concerns are described in depth as follows.

Risk — Different investment vehicles incorporate varying levels of risk. Generally, investments designed to preserve capital entail less investment risk than investments designed to increase wealth. Investments that are growth vehicles generally take on more risk to meet their objectives. These types of investments may be more suitable for investors with a long-term investment horizon and who wish to take additional risk to help grow their portfolio. Older investors typically have shorter-term investment horizons and are more interested in preservation of capital. Vulnerable adults may vary in age and may have a long-term growth or conservative growth investment strategy. If this describes you, you should consider limiting the amount of risk that you will be exposed to because of any investment. Before you invest, make sure to ask your financial advisor questions about the various risk factors associated with using a specific financial product or service.

Liquidity — As you grow older, it may be increasingly important for you to have access to your investments and be able to convert them into cash quickly in case of emergency or need for additional income. Liquidity is the ability to convert an asset into cash quickly. Many types of assets are fairly liquid and can be converted into cash easily. Some assets are less liquid and may not be easily converted into cash when you need it. Investments that are less liquid may also impose significant fees or early withdrawal penalties to access your funds, which will decrease the amount of cash you receive. It is important that you assess your overall liquidity needs and, in turn, fully understand any liquidity limitations of any financial product or service prior to investing.

Fees, commissions, and administrative expenses — The majority of investments have fees and expenses associated with purchasing and, in some instances, holding and eventually selling a security. Most investments incur an up-front commission at the time of purchase. Some investments have a built-in or annual ongoing expense charged as a management or maintenance fee. Also, several investments charge a fee or sales charge to sell your position. If you are transferring mutual funds from one financial firm to another, your new financial firm may not be able to hold some funds. In these instances, you may continue to hold the funds at the previous firm or liquidate the positions. If you liquidate the positions, you may be charged a fee or commission for the transaction.

In addition to commissions or fees, many firms also charge administrative fees to hold your account or process certain transactions. These fees may include shipping and handling fees, annual account fees, and processing fees. It is important that as an older investor and/or vulnerable adult you understand all fees and expenses associated w ith your accounts and transactions prior to transacting business with a financial firm. It is essential that you discuss fees and expenses associated with any investment, service, or account with your financial advisor to fully understand what you may be charged for a purchase or sale, as well as to hold the investment. These fees and expenses can be significant and can erode your account's value.

Debt — You should consider the amount of debt you have prior to investing. This includes margin, securities-backed loans, mortgages, auto loans, and credit cards. Lines of credit with high interest rates and high payment amounts may reduce your ability to meet additional unexpected expenses. You should discuss your current liabilities and financial needs with your financial advisor prior to investing or to creating a portfolio strategy.

Interest rates — In addition to fees and expenses associated with transactions in your account, it is important to consider any interest rates associated with various services provided to you. Margin accounts, although typically not suitable for older investors due to the additional risk exposure, have high interest rates that can fluctuate drastically and erode the value of your account as well as affect your ability to pay back the loan. Due to the high rates and additional risk, borrowing on margin may not be suitable for an older investor. As a result, you should fully understand how margin works by reading the "Margin Disclosure Statement" and talking with your financial advisor prior to considering the use of margin.

Income needs — Income needs are important factors to consider. Many older and vulnerable adult investors have a limited income stream, and any investment decision should consider how that investment will affect your ability to fulfill current and future needs. As a result, you should consider the following questions:

- Will purchasing this investment change my current income situation?
- Will I have access to these funds in case of an emergency? Will the fees and expenses erode my income?

It is important that you prepare yourself for changes in interest rates and market conditions that may affect your income stream. You should not rely solely on investments to serve as the only source of income, as the yield and value may fluctuate, potentially decreasing any income paid to you and the overall value of your savings.

As with any investment decision, it is important that you discuss all relevant factors and risks with your financial advisor prior to investing. It is even more important that, as an older investor or vulnerable adult, you clearly and fully understand each factor and how it affects your unique needs. Your financial advisor can help you fully understand any investment products or services that may be suitable for your financial goals prior to making a decision.

Why older and vulnerable adult investors are frequent targets for investment fraud or financial exploitation

Sadly, older investors and vulnerable adults are common targets of fraud and financial exploitation. Exploiters often target older and vulnerable individuals because they typically have built substantial wealth over time, including in their home and savings and investment accounts. These exploiters utilize several methods to catch your attention, including pop-up ads, phone calls, emails, and personal sales pitches, all designed to assist them in gaining access to your money. A large percentage of financial exploitation occurs by a relative or "person of trust" to the older or vulnerable person. Financial exploitation may be a result of physical intimidation or abuse (or intent to abuse) by these "trusted individuals." There are several factors that people seeking to financially exploit older and vulnerable persons count on in their fraudulent activities. Some of these factors specific to older and vulnerable people are listed below.

- *Older and vulnerable people are often trusting* — Many older individuals grew up in an environment of mutual trust and respect for friends and coworkers. Some vulnerable individuals have grown up in an environment with caregivers or with services that help overcome their vulnerabilities. In most cases, people who want to take advantage will gain trust and credibility through caregiving, friends, or various affinity groups.
- *Older people may be alone during the day* — Many older persons are likely to be alone during the day with little or no family support. Some people attempt to take advantage of this by befriending their victims and providing the attention that the targeted victims may be lacking in their day-to-day activities to gain their trust and access to their savings.
- *Older persons are often home to answer the door or the phone* — People looking to defraud older people typically call or visit the house during the day because they think that the older person will be home and available to speak to them. Once they engage the older person in conversation, they have the opportunity to gain their trust and potential access to their investments.
- *Older persons may be reluctant to report fraud* — Finally, older, and vulnerable people are more likely subject to investment fraud because predators rely on their reluctance to report illegal activities. Predators continue to prey on older and vulnerable people in the community.

The first step to take to avoid being exploited or a victim of fraud is to understand why an exploiter actively focuses on the older and vulnerable population. Criminals use the situations above to take advantage of older and vulnerable persons by gaining their trust to scam them. Fraudsters and criminals attempt to win your trust and get access to personal information. This often includes obtaining information from social media websites or chat rooms (including video chatting). You should not respond to any request if you do not know the source. In addition, con artists engage in illegal activities to get to an older person's investments. They are convincing and attempt to take the money of those they believe are vulnerable. Wells Fargo Advisors can help you avoid investment fraud and financial exploitation. You should contact your local branch office if you feel that you or another Wells Fargo Advisors client may be subject to an investment scam and financial exploitation, or for information on how to help protect yourself from any financial scams.

What is financial exploitation?

Fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual that uses the resources of an older or vulnerable person for personal benefit, profit, or gain. Actions that result in depriving an older person of rightful access to, or use of benefits, resources, belongings, or assets.

Family Financial Exploitation

Often, family members are the exploiters. A family member may become the caregiver or helpmate for an older or vulnerable adult. Signs of exploitation include the family member using the older or vulnerable adult's assets, transferring assets little by little to their own account, or distributing assets to other members of the family. The exploiter may attempt to take legal control over the person (such as by naming a new Power of Attorney, by changing the will to disinherit the family, or by bequeathing assets to themselves and/or their family). It is important to remember that anyone who has legal control over an older or vulnerable adult, or their finances must utilize the funds or assets for the benefit of the older or vulnerable adult.

Financial scams

Common forms of scams and investment fraud

Investment scams and financial fraud and abuse can come in any number of forms. Some scams and abuses are easy to identify, but many are not easy to spot. The following are common scams that are designed to trick people into giving up money, personal information, or property. These scams are often committed by strangers who pose as "legitimate" financial representatives, bank officers, or government officials. If you encounter any of these fraudulent actions, you should refer to the "Reporting financial exploitation" section (further in this document) and contact your local law enforcement agency immediately.

Cryptocurrency and bitcoin schemes — Victims are enticed to link their cryptocurrency wallet to a fraudulent liquidity mining application. Scammers then wipe out the victims' funds without notification or permission. Crypto-investments scammers feigned a friendship with the targeted victim who are eventually enticed to learn how to invest in cryptocurrency or are given an opportunity to invest but in a fraudulent investment company.

Ponzi schemes — In Ponzi schemes, fraudsters advertise high rates of return on client investments. Instead of generating high rates of return, unknowingly, part of the original money deposited is returned to the investor as their "investment return." The initial investors tell their friends about the high returns, who then also invest. Unfortunately, the initial "high returns" received by the investor were simply their own deposits being returned to them and any "high returns" received going forward are actually deposits from new investors. Typically, these schemes continue until new investors are no longer available, and not only does the scheme disappear, but so does all the money invested.

Pyramid schemes — Pyramid schemes are much like Ponzi schemes because fraudulent sponsors also recruit a few initial investors and promise high rates of return on their investment — but only if initial investors recruit more investors. These schemes may be disguised as investment programs promoted through games, websites, emails, texts, chain letters, or investment clubs. Pyramid schemes are focused on recruitment with the promise of increased investment return with increased recruits. As more recruits invest, they too are expected to recruit others to grow the fraudulent investment program. Unfortunately, like Ponzi schemes, pyramid schemes offer the return on deposits disguised as "high returns" although there is no actual investment program. In the end, new investors are unavailable and, so is your money.

Medicare/health insurance scams — Every U.S. citizen or permanent resident over age 65 qualifies for Medicare, so there is rarely any need for a scam artist to research what private health insurance company older people scam them out of money. In these types of scams, perpetrators may pose as a Medicare representative to get older people to give them their personal information, or they will provide bogus services for elderly people at makeshift mobile clinics, then use the personal information they provide to bill Medicare and pocket the money.

Coins and precious metals — Investment in high-quality or rare coins and precious metals is a common theme for fraudsters trying to scam you out of your money. Con artists attempt to sell you the coins and metals with a promise that the value of the investment will soar rapidly. They then request that you send them your money and, often, a commission or transaction fee to invest in the coins and metals. Unfortunately, there are no real coins or precious metals involved. Scammers typically claim that the actual assets are held in an exotic bank for safekeeping when they really do not exist or are not worth the value that the salesperson represents.

Oil and gas drilling — When oil and gas prices increase, so may the number of oil and gas drilling scams. Investors are lured into purchasing an "ownership interest" in an oil well, an untapped oil field, or a drilling operation that promises rapid and lucrative investment gains and profits. Many times, these scammers will send you official-looking surveys or maps or research reports that promise an abundance of oil. These fields do not exist or are highly speculative in nature even if they are legitimate. Regrettably, as soon as you send the salesperson your money to invest, it is as good as gone.

Counterfeit prescription drugs — Most commonly, counterfeit drug scams operate on the internet, where seniors increasingly go to find better prices on specialized medications. This scam is growing in popularity — since 2000, the FDA has investigated an average of twenty such cases per year, up from five per year in the 1990s. The danger is that besides paying money for something that will not help a person's medical condition, victims may purchase unsafe substances that can inflict even more harm. This scam can be as hard on the body as it is on the wallet.

Viatical scams — When you purchase a viatical, you purchase the life insurance policy of a terminally ill person at a discounted price. This benefits the person who is ill because it generates cash to help them pay medical bills, etc., and the investor receives the full value of the contract when the person dies. Viatical can be extremely risky to the purchaser because the ill person may live much longer than expected or in many instances was not sick at all. Furthermore, many times an insurance carrier may refuse to pay you the settlement or, worse, may have gone out of business. By the time you attempt to cash in, you lose all of your investment.

Affinity fraud — Members of closely knit groups such as places of worship, community groups, or clubs are targeted by con artists who claim to share the same interests. Con artists attempt to gain your trust through these shared characteristics and typically convince a trusted group or club leader to spread the word about their investment schemes throughout the group. You should be particularly wary of fraudsters who try to gain your trust and exploit your emotions because they are "just like you." Although these people claim to be looking out for your best interests, many times they are only attempting to take your money, property, or gain access to personal financial information.

Sweetheart/dating website schemes — In sweetheart/dating website schemes, sweetheart imposter individuals target lonely older investors and vulnerable adults. These con artists may befriend the older investor or vulnerable adult, through several online conversations, emails, and may exchange phony photos to gain an older person's trust and affections. Once strong bonds (or feelings) have been established between the individuals, the sweetheart imposter often will communicate a scenario convincing them to send the imposter money. Once successful, the imposter may make multiple requests for additional money to be sent. If the imposter feels that the befriended older person suspects any wrongdoing, they disappear along with all the money sent to the imposter. In today's ever increasing interconnected society, this is a trend that continues to rapidly expand.

Funeral and cemetery scams — The FBI warns about two types of funerals and cemetery fraud perpetrated on seniors. In one approach, scammers read obituaries and call or attend the funeral service of a stranger to take advantage of the grieving widow or widower. Claiming the deceased had an outstanding debt with them, scammers will try to extort money from relatives to settle the fake debts. Another tactic of disreputable funeral homes is to capitalize on family members' unfamiliarity with the considerable cost of funeral services to add unnecessary charges to the bill. In one common scam of this type, funeral directors will insist that a casket, usually one of the most expensive parts of funeral services, is necessary even when performing a direct cremation, which can be accomplished with a cardboard casket rather than an expensive display or burial casket.

Granny scams — In these cases, the grandparent receives a phone call or an email from a fraudster who identifies themselves as their grandchild saying, "I've been arrested in another country" and "need money wired quickly" or "need cash cards for bail." The fraudster may also try to make it sound more legitimate by saying, "And by the way, don't tell mom or dad because they'll get upset."

Wrong number/text/email scams — If you receive a "misdialed" call on your voice mail, unknown text/caller, mysterious fax on your fax machine, or errant message in your email inbox from a stranger with a "hot tip" for one of his or her friends, it is a scam. The message is designed to appear as if the person leaving the message did not realize they were calling the wrong number or emailing /texting the wrong account. The fraudster is hoping the victim is interested in this "hot tip" and will purchase the investment which helps to drive up the price. The con artist, or the person who left the message, then sells

their shares of the investment for a profit. After they sell their shares, the price drops dramatically, and often, the victim is left with a worthless investment.

Prize and sweepstakes fraud — This type of fraud involves telemarketing scams targeting older and vulnerable adults who are informed that they are "winners" of a lottery or sweepstakes, although they never entered the lottery or sweepstakes. The fraudster states that the "winner" must pay the taxes on the winnings before he or she can receive the jackpot. As a result, the unsuspecting victim mails, or wires thousands of dollars to a location outside of the United States. The victim may never receive any other correspondence, or in a variation of the scheme, they may receive a "certified" check in the mail for a large sum of money, which the victim deposits into their account. The "certified" check turns out to be a counterfeit and is charged back to the consumer's account.

Advance fee scams — This type of scam begins with a random phone call, text or visit from a salesperson offering to pay you to buy worthless securities. Generally, the scammer has official-looking literature or a website that refers to a regulatory website and describes the safety and legitimacy of the investment offered. To participate in this offering, you must first pay an advance fee or commission for their service. Unfortunately, once you pay the fee, you will never see your money or the investments again.

Imposter or trusted official fraud — In this scam, the scammer disguises themselves as an "official" bank officer, IRS representative, FBI agent, or police officer. The scammer contacts a bank customer and asks the victim to go to the bank and withdraw a sum of cash from the bank for a payment or fee. The scammer instructs the victim to send cash, gift card, or crypto currency.

Financial firm employee impersonator — In this scenario, the victim receives a telephone call/text from someone claiming to be an employee of a financial institution. The con artist tells the targeted victim that there is a computer problem or security investigation and asks for their account information for verification, which gives the fraudster unlimited access to their accounts. Unfortunately, it is not until too late that the victim discovers funds missing from his or her bank or investment account.

Password fraud/identity theft — technologically savvy fraudsters may steal your personal information and even your identity through the internet or emails. "Hackers" may gain access to your email account and correspond with people on your behalf. You should proceed with caution when visiting websites or opening attachments in emails from strangers. Do not enter personal information, such as Social Security number, date of birth, address, or financial and credit card information on websites that you are not familiar with; furthermore, you should not enter any personal information, such as passwords, bank account numbers, etc., on the internet while using any public computers, such as those in libraries, community centers, hotels, internet cafes, or coffee shops. These computers may have spyware or other means of tracking and stealing your personal information for criminal use.

Credit/debit card skimming and breaches — In credit/debit card skimming schemes, thieves use a device to steal credit card information during an otherwise legitimate credit or debit card transaction. For example, credit card skimming devices are often placed on ATMs or even held in the hands of waiters and store employees. When a credit card is run through a skimmer, the device stores the credit card information. Thieves use the stolen data to make fraudulent charges either online or with a counterfeit credit card. In the case of ATM and debit cards, thieves withdraw cash from the linked checking account. Credit/debit card skimmers are often found on stand-alone kiosks, ATMs, etc. Victims of credit/debit card skimming are often unaware of the theft until they receive a billing statement or overdraft notices in the mail. Preventing and detecting credit skimming incidents can be difficult to detect since the credit cards are never lost or stolen. The best way to detect a skimmed credit card is to watch your accounts frequently. Monitor your checking and credit card accounts online daily and immediately report any suspicious activity. Credit/debit card breaches are becoming problematic for retailers across the world. In this scheme, hackers gain access to personal credit/debit card information by invading a retailers POS payment system and stealing customer credit/debit card data.

Fraudulent anti-aging products — In a society bombarded with images of the young and beautiful, it is not surprising that some older people feel the need to conceal their age to participate more fully in social circles and the workplace. After all, 60 is the new 40, right?

It is in this spirit that many older Americans seek out new treatments and medications to maintain a youthful appearance, putting them at risk of scammers. Whether it is fake Botox like the one in Arizona that netted its distributors (who were convicted and jailed in 2006) $1.5 million in barely a year, or completely bogus homeopathic remedies that do absolutely nothing, there is money in the anti-aging business.

Botox scams are particularly unsettling, as renegade labs creating versions of the real thing may still be working with the root ingredient, botulism neurotoxin, which is one of the most toxic substances known to science. A bad batch can have health consequences far beyond wrinkles or drooping neck muscles.

Homeowner/reverse mortgage scams — Scammers like to take advantage of the fact that many people above a certain age own their homes, an asset that increases the potential dollar value of a certain scam.

A particularly elaborate property tax scam in San Diego saw fraudsters sending personalized letters to different properties on behalf of the County Assessor's Office. The letter, made to look official but displaying only public information, would identify the property's assessed value and offer the homeowner, for a fee of course, to arrange for a reassessment of the property's value and therefore the tax burden associated with it.

Closely related, there is the potential for a reverse mortgage borrower to be scammed. Scammers can take advantage of older adults who have recently unlocked equity in their homes. Those considering reverse mortgages should be cognizant of people in their lives pressuring them to obtain a reverse mortgage, or those that stand to benefit from the borrower accessing equity, such as home repair companies that approach the older adult directly.

There are various other scams besides those listed here that you should be aware of. You should be skeptical of any calls from telemarketers or mail requesting personal information. You should never provide any personal information to strangers. If you think you may be the target of a scam, contact your local law enforcement office or a financial advisor for help.

Professional sales strategies

High pressure sales tactics

Older and vulnerable adult investors are susceptible to high-pressure and misleading sales tactics from financial representatives who offer investments that are too good to be true, such as oil well drilling or gold coins. Sometimes unscrupulous financial representatives use threats or scarve tactics to take advantage of their victim's anxieties about their future financial situation. Some of the more common high-pressure sales tactics used by fraudulent financial representatives who target older or vulnerable adults are listed as follows.

Misleading information — A deceitful financial representative may attempt to mislead you about a potential product or service, saying an investment has little or no risk or an above-average rate of return or income. They will often present marketing materials or disclosure information that focuses solely on the outstanding return with no mention of risk. These statements are always untrue and are a "red flag" to avoid the investment because it may be a scam.

Fear and intimidation — Some representatives and salespeople will prey upon older or vulnerable adults through fear and intimidation. They may use several scare tactics to gain access to your savings and investments, such as the threat of physical or financial harm, intimidating statements, and recurring phone calls or contact, as well as several other abusive practices. These unethical salespeople may also attempt to play off a person's anxieties about his or her future financial situation. The sole purpose of these practices is to scare you into giving them your money which you may never see again. If you are subjected to an abusive salesperson trying to intimidate or harass you, you should contact your local law enforcement officials and report them immediately.

"Limited-time offer" — Be wary of someone offering products and services that are available "for a limited time only." It is okay to say "no" to them and do your own research prior to making an investment decision and seek a second opinion. Do not be afraid to ask questions. It is your money, and it should not be put at risk with a hasty decision.

Guarantees and promises — Con artists use promises of high returns to lure you into a financial scam. If a salesperson says, "you are guaranteed to make money" or "I guarantee that you can't lose money," or promises you a guaranteed rate of return that seems too good to be true, it is too good to be true. You should be skeptical of this salesperson and his or her offerings.

Free meal seminars

It is common for older and vulnerable adults to receive an invitation to a free seminar or meal that may or may not mention any financial presentation. Many of these events offer a nice meal and an opportunity to discuss various retirement issues with a financial representative. Though many are legitimate, some are not. Some events turn into high-pressure events where you may be given bad advice or pressured to open an account that is not suitable for your financial situation. In many instances, the financial professional may recommend liquidating securities positions and using the proceeds to buy unsuitable products. These recommendations may use high-pressure sales tactics and exaggerated claims about projected returns and provide little or no disclosure of the actual risks of the investment.

Wells Fargo Advisors does not permit our financial advisors to offer seminars meant to deceive the invitee. Wells Fargo Advisors' financial seminars and educational events follow guidelines designed to ensure the attendees receive a fair and balanced presentation that clearly discusses any risks, costs, and other factors associated with an investment in a no-pressure atmosphere.

Specialist designations

Financial representatives may refer to themselves as "elder specialists" or a similar title but often have no significant training in investment planning or in understanding the needs of older people. Older investors may put extra trust in these individuals as they may believe the representative is better qualified to assist them. Although a representative may claim to be an expert because of a designation, achievement, or experience, you should always check the background of the representative and any of their claims.

A growing number of adults, now inform the key individuals of the role they will play in future events such as power of attorney, emergency contacts or trusted contacts. Review all your estate planning documents on an ongoing basis. These are ways to help proactively protect yourself.

Bogus certifications or awards — Although a representative may claim to have a specialized industry designation or have won an award and have a fancy certificate on their wall to go along with it, it does not ensure they are in any way more experienced in dealing with older persons than any other professional. Often the training they received is nothing more than marketing and selling techniques targeting the elderly and the award may be based solely on their sales and not their knowledge.

False representations — False representations made by a salesperson may include misstatements of prior education and experience. You should carefully review a person's qualifications prior to doing business with them.

Education and experience — Before doing business with any investment professional, investors should check with the Financial Industry Regulatory Authority, Inc. (FINRA) or their state securities regulator to determine if the individual is properly registered or licensed, and if there are any complaints or disciplinary problems involving the individual or the firm.

Fraudulent representatives who attempt to gain your trust may present misleading information regarding their education and experience. For instance, a representative as part of their sales presentation may represent that they have worked in the industry for several years or have advanced training or education when in fact they have neither. FINRA provides a free service called "Broker Check" on their website, finra.org that you can use to research a representative.

Books — Some financial representatives will mislead a client about their knowledge and qualifications by placing their pictures and names on books about investing for older people and misrepresenting it as their own work when it was written by another industry professional. Although there are several professionals within the industry who have authored books or articles, you should always verify who authored the book or article before trusting the person who gave it to you with your money or investments. Unsuitable recommendations. No two investors have the same needs and financial situations. A financial representative who attempts to recommend an investment or sell you a financial product without considering your overall financial situation may be making an unsuitable recommendation. Financial professionals are required to know

their client prior to making any recommendations. Knowing a client entail understanding his or her investing history, current financial situation, goals and objectives, and risk tolerance. A good salesperson is interested in learning about your needs and looking out for your best interest. If a financial representative attempts to sell you a product or service without knowing your overall goals and objectives, you should be skeptical of his or her actions and be aware that you may be a target of financial abuse. Good financial professionals listen more than they talk.

If you are presented with a product or service that you do not understand, take your time to fully comprehend the information and make sure to ask questions. It may also be wise to consult with a family member or close friend prior to making any final decisions. Do not let a financial representative rush you into a quick decision. It is important that any decision that you make about your savings is an educated and well-thought-out decision.

Products

Some investment scams include nontraditional investment vehicles and methods. Investments such as annuities, life settlements, equity-indexed certificates of deposit, and other complex vehicles are legitimate and can be suitable investments. However, there are times when these products may not be suitable due to some of the features and costs associated with the investments. All have unique costs and risks associated with them, and some of the features that they offer may not be appropriate for your unique financial needs as an older investor.

Variable annuities — The value of variable annuity contract fluctuates as the underlying investments increase or decrease in value. Variable annuities often carry high commissions, fees, and surrender charges that must be paid if you pull money out of an annuity early. In some cases, annuities can increase your and any heir's tax burden. In addition, annuity contracts are complex and offer many alternatives that may not be suitable for your financial situation as an older investor. Annuities are long-term investments that may limit the amount of funds that may be withdrawn at any time. You may not be able to access funds when you need them without significant withdrawal penalties.

An important feature of annuities is the tax-deferral benefit. Since annuity tax deferral is irrelevant in an IRA or a qualified retirement plan, customers should purchase an annuity only if one or more other product features is important enough to justify the added costs associated with the feature. Similar investments offered outside the annuity may be available at a lower cost. All factors listed above should be considered when discussing an annuity purchase with a financial representative.

Variable annuities and mutual funds are sold by a prospectus. Please carefully consider the investment objectives, risks, charges, and expenses before investing. The prospectus, which contains this and other information, can be obtained by calling your financial advisor. Read it carefully before you invest.

Equity-indexed annuities — Equity-indexed annuities (EIAs) are like variable annuities but also offer features that are like fixed annuities. A fixed annuity's rate of return and payout are both guaranteed by the insurance carrier An EIA's rate of return fluctuates more than a fixed annuity but less than a variable annuity. Many EIAs offer a guaranteed interest rate combined with an index-linked interest rate. Although an EIA may be suitable for you based on your overall financial situation, they are very complex products in which it is very difficult to calculate any gains or losses that the annuity may have incurred. EIAs also involve many of the same risks and costs involved with variable annuities and the guarantees offered are dependent on the claims paying ability of the issuer. As with any product, it is important that you fully understand all l aspects of the investment by reading the educational materials available and asking your financial advisor questions.

Life settlements — A life settlement involves the sale of your life insurance policy to a party other than the issuing insurance company for a premium to the cash surrender value but less than the death benefit. Life settlements can be suitable for some people due to the immediate source of liquidity that they provide. They can also be a viable option for people who are considering surrendering their policy or letting it lapse. Although life settlements may be beneficial for some investors, they are not always suitable transactions due to the high transaction costs and loss of life insurance, which you may need in the future. It is important to know all the facts prior to considering a life settlement. Consider the costs and expenses, the value that you will receive, and most importantly, your future needs prior to entering a life settlement.

Equity-indexed certificates of deposit — Equity-indexed CDs differ from traditional bank-issued CDs, which guarantee principal and interest if held to maturity. Equity-indexed CDs offer an interest coupon payment or return based on a stock market index. Returns on these products are not guaranteed and are not FDIC-insured. They are subject to the market risk of the index to which they are linked and may fluctuate in value over time. As a result, these products may offer no return over time or a negative return if liquidated prior to maturity. These products may not be suitable for investors who need the money or potential income for retirement.

Leveraged exchange-traded funds (ETF) — A leveraged ETF does not amplify the annual returns of an index; instead, it follows the daily changes. For example, let's examine a leveraged fund with a 2:1 ratio. This means that each dollar of investor capital used is matched with an additional dollar of invested debt. If one day the underlying index returns 1%, the fund will theoretically return 2%. The 2% return is theoretical, as management fees and transaction costs diminish the full effects of leverage. The 2:1 ratio works in the opposite direction as well. If the index drops 1%, your loss would then be 2%. Therefore, losses may have a magnified effect in the portfolio of an older person/investor.

Complex investments — Complex investments, such as structured products, closed-end funds, hedge funds, and managed futures funds, may not be suitable for your financial situation. These investments typically offer higher expenses and fees to the investor and are typically less liquid than traditional investments. Complex investments may use leverage. The use of leverage in an investment portfolio can magnify any price movements, resulting in high volatility and potentially significant loss of principal. Other risky and highly speculative investment strategies may be used as well, including short sales, futures investing, derivative instruments, investments in non-U.S. securities, "junk" bonds, and investments in illiquid investments. Such strategies may further enhance the risk associated with these complex investments. These products are suitable only for investors who have the financial ability to hold these investments through periods of volatile markets and can bear a potentially significant loss in investment value. Such investments are subject to fewer regulatory requirements than mutual funds and other registered investment company products and thus may offer investors fewer legal protections than they would have with more traditional investments. In addition, they may not be required to provide investors with periodic pricing and valuation information and there may be a lack of transparency with respect to the underlying holdings. Also, some of these products may be structured as a "fund of funds" (FoF). Although FoF's may offer further diversification (which cannot eliminate the risk of fluctuating prices and uncertain returns), they are often very expensive investments as an investor will incur both asset-based fees and expenses at the fund level and the indirect fees, expenses, and asset-based charges flowing from the underlying holdings in which the funds invest.

How to help protect against financial fraud

An older or vulnerable adult should consider these top five financial and medical documents to help prevent financial exploitation:

Durable Power of Attorney — Durable Power of Attorney is a legal document in which you name another person to act on your behalf. This person is called your agent or attorney-in-fact. You can give your appointed agent broad or limited management powers. You should choose this person carefully because he or she will be able to sell, invest, and spend your assets.

Will — A will provide instructions for distributing your assets to your family and other beneficiaries upon your death. Your attorney can customize the provision of your will to meet your needs. You appoint a personal representative to serve as your "executor" to pay final expenses and taxes, and then distribute your assets according to your will.

Emergency Contact/Financial Institution Trusted Contact — Allows the financial institution to contact the named individual in case of emergency or fraud concerns relating to your account. It does not grant this person any authority other than to assist in contacting or locating you.

Healthcare Power of Attorney — Healthcare Power of Attorney authorizes someone to make medical decisions for you in the event you are unable to do so yourself.

Living will — A living will express your intentions regarding the use of life- sustaining measures in the event of a terminal illness. It expresses what you want but does not give anyone the authority to speak for you.

Revocable living trust — A revocable living trust is one type of trust often used in an estate plan. By transferring assets into a revocable trust, you can provide for continued management of your financial affairs during your lifetime (when you are incapacitated, for example), at your death, and even for generations to come. Wells Fargo Advisors and its affiliates do not provide tax or legal advice. Please consult with your tax and/or legal advisor before taking any action that may have tax and/or legal consequences. Remember, your responsibilities do not end once you have selected a financial representative and investments. A key to financial protection is ongoing monitoring of your account and maintenance of important records.

Monitor credit reports — In addition to reviewing your investment-related and bank information, it is important to periodically check your credit report to ensure that no activity is occurring without your knowledge with your credit cards, personal information, etc. Financial fraudsters use your personal information to drive up credit balances, open new credit accounts, and destroy your credit record without your knowledge.

National "Do-Not-Call" registry — You can help protect yourself from phone solicitations by entering your phone number into the National "Do-Not-Call" registry located on the internet at donotcall.gov. After you enter your number on the registry, genuine telemarketers are not permitted to call your phone number, providing you further protection from fraudulent salespeople. If you feel that you may have been compromised or the victim of fraud or exploitation you will want to change your phone number. If you receive an unwanted sales call after your number was on the National Registry report it to donotcall.gov

Central Registration Depository system (CRD) — The CRD is a valuable source of background information on financial representatives and financial institutions. It is a computerized database that holds licensing and registration information for financial representatives and firms across the country. Accessible through FINRA, the CRD can provide information about a financial representative's or firm's past, including:

- Employment history
- Licensing and registration status
- Disciplinary history relating to the securities industry
- Civil judgments and arbitration decisions
- Criminal convictions
- Bankruptcies

CRD reports are publicly available for free. To obtain a report, visit the FINRA website at finra.org and select "FINRA BrokerCheck." Using this tool, you can check the background of any registered financial professional and financial firm.

Monitor statements and confirmations — After you have invested, you should receive periodic account statements and transaction confirmations for each trade. Do not ignore these documents. It is important that you read each statement and confirmation carefully to make sure that all activity and balances are accurate and that all transactions were completed exactly as instructed. Consider sending duplicate statements or grant access to view duplicate statements online to a person of trust. Do not throw your statements away. If you no longer wish to maintain a copy, destroy your financial documents properly. Make sure to create a file folder for your reference to include all investment related information.

Online account alerts — Help protect your online access by setting up additional security alerts to notify you of important sign-on related activity.

Keep records safe and current

Every investor should keep their financial records and information in a safe place. A waterproof container or fireproof safe is a good place to store your most important financial documents in your house so they are safe in case of emergency or natural disaster, such as a hurricane, earthquake, or flood. In addition, you should keep copies of those records in another secure location, such as in a safe deposit box at your local bank or at a trusted relative's house. Never give your information to a stranger. Access to your financial information is an open invitation for financial abuse by a scammer. Never toss important documents in the trash always shred your documents. Some key information that you should keep safe includes:

- Social Security cards and numbers
- Passports and government-issued identification
- A list of your financial institutions and your financial representatives
- A list of your account numbers for investment, bank, and credit card accounts
- Keep passwords in a safe place
- Current account statements
- Any proof of financial and property records

Use two forms of authentication when available:

- **Something you know** — a password, PIN, or answer to a security question
- **Something you have** — one-time verification passcode you get by text or email from legitimate source (bank, IRS, medical office) or an authenticator app, or a security key
- **Something you are** — face, eye, or fingerprint

In addition to maintaining physical copies of records, it may be prudent to have secure online access to any of your credit card, banking, or investment accounts. Not only does this let you manage your accounts online, but it also gives you access to many important documents, such as statements, transaction confirmations, and account balances. If you do access confidential information via the internet, make sure to use a secure internet connection with virus protection and firewalls to increase the security of your online activity.

It is also essential that you keep all financial information current. This not only includes your investment and personal information but also information about account beneficiaries. If your financial situation is updated or beneficiaries change, it is important to communicate this to your financial representative and maintain records of such adjustments.

Proper destruction of records — Any record containing personal, financial, or health related information should be destroyed properly. This includes shredding important documents that are no longer necessary to retain, preferably using an automatic shredder. Most automatic shredders have capabilities to destroy digital media, CD's, disks, credit/debit cards, and in some cases, computer memory. Older persons and vulnerable adult investors that perform this task themselves should mix up the shredded contents into multiple trash bags prior to disposal to the landfill.

How to identify financial exploitation

No matter how great an investment may sound when it is presented, there are several steps you should take before you invest your money. Whether the offer comes in the form of an inadvertent email, a random phone call, or a knock at your front door, you should always take time to understand the products and services and do your research before you invest.

Some of the best questions to ask yourself are as follows:

- Has anyone asked me to change beneficiary designations on accounts or in a will or a trust?
- Do I make loans or gifts more often than I can afford?
- Am I getting calls from people who ask me for money? For example, relatives, caregivers, home-maintenance or other service providers, or people who indicate that you have won a lottery or prize.

Product — Is the product registered in your state or with the U.S. Securities and Exchange Commission? Does it really sound like the right investment for you current and future financial needs?

Financial representative — Is the person associated with a reputable financial firm? Is he or she licensed in your state or registered with the appropriate regulatory body? If you answer no to any of the questions above, or do not receive acceptable answers from the salesperson, you should beware of both the financial representative and the investment that they are attempting to sell you. Some additional warning signs that can help you identify a scam may be contained in the way the investment idea is presented to you.

Remember, if it sounds too good to be true, it is. Examples of verbal warning signs are listed below:

- "I guarantee that you will profit from this investment"
- "There is no risk to this investment"
- "This is a limited-time offer available only to qualified investors"
- "Make the check payable to me"
- "I promise you rates of return unavailable through other investments"

If you hear any of the quotes listed above or feel pressured into investing, it may be a sign of an investment scam designed to take advantage of you and take your life savings. When depositing funds into an investment account, you never give or send cash to a financial representative; instead, you should use checks. Make sure the check is made payable to the brokerage firm or the clearing firm, if applicable.

If you are uncomfortable about the offer or the salesperson, you should ask another financial professional for a second opinion prior to investing in the product or service.

Reporting financial exploitation

If you suspect that you are the victim of a scam or are offered an investment product that sounds too good to be true, it is important not only for your own protection, but also for that of others in your community, that you report the activity immediately. If you encounter activity that seems suspicious, within your community you can contact your local law enforcement officials to seek help.

You can also call Wells Fargo Advisors for assistance in reporting a scam and to find out how you can protect yourself. Contact your financial advisor. . Outside of your local law enforcement agency, there are several organizations that you can turn to for help. These resources include your state regulatory body, Adult Protective Services, as well as national regulatory organizations such as FINRA. You may reach FINRA by calling the FINRA Securities Helpline for Seniors at 844-57-HELPS (844-574-3577).

Older people's organizations such as your State Department of Health and the National Council on Aging also offer support to those who may be victims of financial abuse. Please reference the Eldercare Locator in the Resources section below. This locator can help you find local services and resources by ZIP code or city name. We have also listed several helpful resources

for you in the section below for your reference. If you suspect that you may be a victim of financial fraud or abuse, do not feel embarrassed or afraid to contact a person or organization that can help you. Not only will you be protecting yourself, but you will also help protect other older people in your community.

Resources

There are several resources available to you to better educate yourself on investing as an older person. There are general industry and regulatory websites that can help you understand investing in general, or you can visit sites that are specific to older people and investing. Often state securities agencies have information for residents of their states regarding investing. Although we cannot be responsible for the content on any non-affiliated websites listed below, we have compiled this list for your convenience:

Wells Fargo Advisors website

Wells Fargo Advisors — wellsfargoadvisors.com

Regulatory Websites

Financial Industry Regulatory Authority — finra.org

U.S. Securities and Exchange Commission — sec.gov

Consumer Financial Protection Bureau — consumerfinance.gov

Federal Trade Commission — ftc.gov

Financial Websites

North American Securities Administrators Association — nasaa.org

Securities Industry and Financial Markets Association — sifma.org

Federal Deposit Insurance Corporation — fdic.gov

Websites for older people

National Center on Elder Abuse — elderabusecenter.org

National Council on Aging — ncoa.org

FBI — IC3.gov

Federal Trade Commission — reportfraud.ftc.gov

AARP — aarp.org

Eldercare Locator — eldercare.acl.gov

Conclusion

Wells Fargo Advisors wants you to enjoy a happy and healthy retirement. Your financial health is an important aspect of your retirement, and it is important that you are aware of the many issues associated with investing as an older person to help protect your hard-earned savings. If you have any questions regarding your investments or any of the issues in this guide, be sure to contact your financial advisor or visit a Wells Fargo Advisors branch office. By law financial institutions may be required to report incidents of suspected financial exploitation to a state agency or law enforcement. FINRA permits account restrictions on client accounts when there is concern of financial exploitation.