

KNOWLEDGE IS YOUR BEST DEFENSE...

## Inform yourself to avoid fraud:

### 1. Make a financial plan—what are the things you want to save for?

- Know your current financial status—what you own vs. what you owe
- Keep track of your income and expenses for every month
- Figure how much you will need for such basic needs as shelter, food, clothing, healthcare and transportation. Don't forget to factor in optional expenses such as entertainment and vacations. Then calculate how much you can comfortably afford to save on a monthly basis for emergencies and future expenses.

### 2. Based on your financial plan and positive net worth, determine the amount you can invest.

- Do not invest money that you need in one to two years unless the investment matures in one to two years.

### 3. Determine what your investment objectives are: income, growth or a mix.

### 4. Find a broker that fits your needs and comfort level. *(You can research a broker by contacting the Office of the State Auditor or [www.finra.org](http://www.finra.org).)*

- A discount brokerage charges lower fees and commissions for its services than what you'd pay at a full-service brokerage. But generally you have to research and choose investments by yourself.

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## 7 steps to smart investing.



The Montana Commissioner of Securities & Insurance presents  
**Securities and Insurance Fraud: How to Smell a Rat**  
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- A full-service brokerage typically costs more, but the higher fees and commissions pay for a broker's investment advice based on the firm's research.
- An investment advisor usually charges a percentage of your portfolio to manage your entire account.
- Get references. Ask friends, relatives, and co-workers to recommend brokers or investment advisors, who have served them well.
- Conduct interviews with at least two brokers or investment advisors, ask for customer references and follow-up.
- Ask about fees and commissions; fully understand these costs before opening an account.

5. Contribute regularly and increase your contributions proportionately as your income rises from pay increases and promotions.
6. Stay focused on long-term goals even as your life changes. Don't be lured off course by changes in the financial markets or by short-term frills and extravagant purchases.
7. For more information, contact the Montana Securities Department, Office of the State Auditor, at 1-800-332-6148 or use the website at [www.csi.mt.gov](http://www.csi.mt.gov).

## 7 steps to smart investing.

*"One of my goals as the Commissioner of Securities is to help Montanans become more informed investors. All investments involve risk, but information can help avoid the unnecessary risk of fraud. It won't prevent every case of fraud, but knowledge is an investor's best defense."*

**Monica J. Lindeen**

Montana Commissioner of Securities and Insurance



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