



## **NEWS RELEASE**

For Immediate Release

April 24, 2006

### **IRA Investors: Beware "IRA-Approved" Investments**

Boise, Idaho — Gavin Gee, Director of the Idaho Department of Finance, today issued a warning to investors who may be receiving solicitations claiming to offer "IRA-Approved" and "IRS-Approved" investments. Gee says these ads are misleading because the IRS does not approve investments for IRAs. "Individual Retirement Accounts" and "Individual Retirement Annuities", collectively referred to as "Individual Retirement Arrangements" (IRAs), are popular plans that provide tax advantages for retirement savings.

State and federal regulators say most solicitations are a variation on this theme:

*"This investment has been approved for your IRA. You can use your IRA for this investment by filling out the forms in the attached information package. Our agent will take care of the rest. This has been reviewed by the government (or the IRS). This investment is so safe you can use it for your IRA. Only certain investments are approved for IRAs."*

Gee believes that fraudulent promoters are trying to take advantage of consumers who may be confused about the role of the IRS when it comes to IRAs. The IRS issues letters to IRA sponsors, trustees and custodians certifying that they are complying with requirements concerning investor rights, account administration, and standards that allow contributions to be deductible. But the IRS does not:

- review or approve investments;
- advise people on how to invest their IRAs;
- endorse any investments; or
- issue statements that an investment in an IRA is protected because the IRS has approved a particular trustee or custodian.

Gee suggests that before investing, investors check with the Department of Finance to make sure the investment and person selling it are registered. The Department can be contacted through the Internet via the worldwide web at <http://finance.idaho.gov> and by phone at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.



*April has been designated as Financial Literacy Month in Idaho by Governor Dirk Kempthorne. The Department of Finance, along with many financial literacy partners, will be providing information, making presentations and holding other events to heighten awareness of the importance of financial literacy among Idahoans.*

*Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://finance.idaho.gov> or may be obtained by contacting the Department at (208) 332-8080 or Idaho toll-free at 1-888-346-3378.*

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