



NEWS RELEASE

FOR IMMEDIATE RELEASE

April 16, 2008

SENIOR INVESTOR ALERT: CREDENTIALS AND DESIGNATIONS

CAREFULLY CHECK CREDENTIALS OF 'SENIOR SPECIALISTS'

Financial Literacy Month Tip of the Week

Seniors beware! Individuals may be calling themselves "senior specialists" to give you a false impression. They are hoping you will think they have expertise in assisting seniors in structuring their investments so as to reduce taxes, minimize risk and avoid state probate laws. But the training they receive is often nothing more than marketing and selling techniques targeting the elderly.

"The Idaho Department of Finance and other state regulators are concerned these individuals are misusing 'senior specialist' designations to provide a false sense of security to their customers," states Idaho Department of Finance Director Gavin Gee. "Seniors should check out the organization issuing the credentials to see what requirements, if any, a person must meet to receive the credential."

While there are organizations whose members complete rigorous programs of study and pass extensive examinations to earn a "senior specialist" designation, there are other organizations that require little or no training to use one of these designations.

In response to the increased use and availability of these types of designations, on April 1, 2008, the North American Securities Administrators Association, of which the Idaho Department of Finance is a member, approved a new model rule for states to consider adopting that prohibits the misleading use of senior and retiree designations.

Bogus senior specialists commonly target senior investors through seminars where the specialist reviews the senior's assets, including securities portfolios. Often, the specialist recommends liquidating securities positions and using the proceeds to purchase indexed or variable annuity products that the specialist offers.

Seniors should be cautious when considering such products. Variable annuities are not suitable for short-term investment goals because penalties and charges from the annuity may tie up an investor's funds for years. This is a detriment to seniors who may need access to their funds. They also can involve substantial sales commissions (5% to 12%) and fees (which can be 2% or higher per year). Finally, these products can also create tax disadvantages because income is taxed as ordinary income and there is no step-up in the tax basis of the investment if an annuity holder dies.

Before doing business with any investment professional, all Idaho investors, especially senior investors, should check with the Idaho Department of Finance to determine whether the individual is properly licensed and if there have been any complaints or disciplinary problems involving the individual or his or her firm. To check out your investment professional or investment products, please visit the Idaho Department of Finance website at <http://finance.idaho.gov>, click Financial Literacy Month, and scroll to "Check Out Your Investment Professional", or call us at (208) 332-8004 or toll free within Idaho at 1-888-356-3378. Department of Finance Press Releases and other information can also be found on the Department's website.

April has been declared Financial Literacy Month in Idaho by Governor C. L. "Butch" Otter.

During the month, the Department of Finance will be making school and civic group presentations and issuing financial tips on current subjects. If there is a topic you would like to see addressed, or you would like to schedule a presentation, please contact the Department at finance@finance.idaho.gov, or call us at (208) 332-8004 or toll free within Idaho at 1-888-356-3378.