

# Investor Insights: Tips and Tools for Smarter Investing

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**BetterInvesting  
National  
Convention**

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Session: 218



BINC 2022 | June, 23 - 26, 2022 | Dallas, Texas

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# FINRA: Financial Industry Regulatory Authority



## FINRA:

- Not-for-profit regulator authorized by Congress
- Mission: investor protection and market integrity



## FINRA Foundation:

- Research and outreach
- Focus on building financial capability for all Americans



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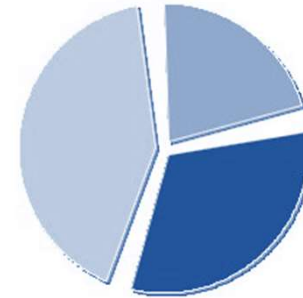
# TIP 1: KNOW THYSELF

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## Revisit Your Investor Profile



- Goals
- Time horizon(s)
- Time to dedicate
- Portfolio composition
- Risk tolerance



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## Risk Tolerance: Does Perception = Reality?



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## Risk Tolerance: Reality



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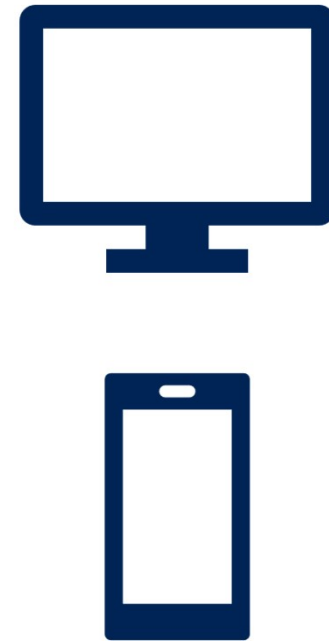
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## TIP 2: BE NEEDY

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## Tip 2. Consider Your Account Needs

- ✓ Advice or transactional?
- ✓ Mobile-first vs. mobile-friendly?
- ✓ Wide range or limited investment options?
- ✓ Margin account?
- ✓ Customer service?
- ✓ Future needs?



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## Technology & Accounts



### On the One Hand

- 24-7 access
- Increases market participation
- Lower dollar thresholds
- Expanded product offerings
- Innovative educational opportunities

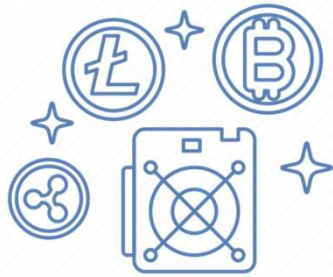
### On the Other Hand

- May influence investor behavior
- May lead to “gamification”
- May deviate from goals or risk tolerance
- May be difficult to reach a “live human”

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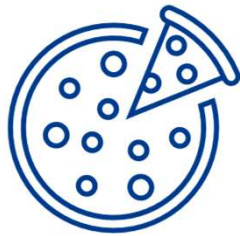
## Zero Commission Trading



Some firms  
offer “free  
trades” to retail  
clients

- ✓ Attractive esp. to investors with smaller dollars to invest
- ✓ Firms must be paid somehow
- ✓ May come with service limitations
- ✓ May lead to more frequent trading
  - ✓ Frequent trading more harmful than helpful to long term returns

## Fractional Share Investing



Ability to buy  
less than a  
whole share of  
stock

- ✓ Purchase specific dollar amount vs. specific number of shares
- ✓ May allow you to invest in companies that might otherwise be out of your price range
- ✓ Considerations:
  - ✓ Not all firms allow
  - ✓ Generally cannot transfer to another firm; may result in tax consequences
  - ✓ Trading fees (if appl.) may add up

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# **TIP 3: PLAY THE DETECTIVE**

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## Before You Invest, Ask and Check

Ask questions about...

- *Professionals*
- *Products*



How liquid is it?

Services and fees?

What are the risks?

Licenses and registration?

Conflicts of interest?

How does it make money?



Independently verify information

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# Helpful Websites from Regulators

The collage features four screenshots of regulatory websites:

- Investor.gov:** An official website of the U.S. Securities and Exchange Commission. It includes a search bar, navigation links (About Us, Contact Us, Follow Us, Información en Español), and a main section titled "Check Out Your INVESTMENT PROFESSIONAL" with a search form for "Individual" and "Name or CRD#".
- FINRA:** The Financial Industry Regulatory Authority website. It features a "For Investors" section with a search bar and a "BrokerCheck" tool to check the background of an investment professional.
- NASAA:** The National Association of State Securities Administrators Association website. It has a navigation menu (ABOUT, EVENTS, POLICY, EXAMS, NEWSROOM, INDUSTRY RESOURCES) and a section titled "INVESTOR EDUCATION".
- FINRA Investor Education Foundation:** A section titled "IN THIS SECTION" with links to "OVERVIEW", "Investor Advisories", "What Type of Investor Are You?", "Fraud Center", "Millennial Money Mission", "Investor Library", "Multimedia Library", and "Outreach Programs".



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# FINRA.org: Smart Investing Modules



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# FINRA.org: FINRA BrokerCheck

https://brokercheck.finra.org

FEEDBACK | BrokerCheck Help Line (800) 289-9999

**BrokerCheck**  
by FINRA

**INDIVIDUAL** **FIRM**

By clicking the **SEARCH** button or otherwise using BrokerCheck, I agree to **BrokerCheck Terms of Use**

Individual Name/CRD# at Firm Name or CRD/SEC# (optional) in City, State or ZIP (optional) **SEARCH**

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# FINRA.org: Fund Analyzer

The screenshot displays the FINRA Fund Analyzer website. At the top, the title "Fund Analyzer by FINRA" is centered. Below it, the text "Analyze and compare the cost of owning funds" is displayed. A search bar with the placeholder text "Search by Fund Name, Family, Ticker or Keywords" and a red "SEARCH" button is positioned below the text. A small disclaimer states: "By clicking SEARCH or otherwise using the Fund Analyzer, I agree to the Fund Analyzer Terms of Use." Below the search bar, a horizontal timeline titled "Understand Fund Costs" illustrates the various fees associated with fund ownership. The timeline includes five key points: "FRONT-END LOADS UPON PURCHASE", "REDEMPTION FEES EARLY CHECKOUT", "ANNUAL OPERATING EXPENSES COST FOR FUND OPERATION", "BACK-END LOADS UPON REDEMPTION", and "WRAP ACCOUNT & FLAT FEES ACCOUNT COST". The FINRA Investor Education Foundation logo is located in the bottom right corner of the screenshot.

**Fund Analyzer**  
by FINRA

Analyze and compare the cost of owning funds

Search by Fund Name, Family, Ticker or Keywords **SEARCH**

By clicking SEARCH or otherwise using the Fund Analyzer, I agree to the Fund Analyzer Terms of Use.

**Understand Fund Costs**

FRONT-END LOADS  
UPON PURCHASE

REDEMPTION FEES  
EARLY CHECKOUT

ANNUAL OPERATING EXPENSES  
COST FOR FUND OPERATION

BACK-END LOADS  
UPON REDEMPTION

WRAP ACCOUNT & FLAT FEES  
ACCOUNT COST

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# FINRA.org: Market Data & Bond Facts

The screenshot displays the FINRA.org website interface. The top navigation bar includes links for ABOUT FINRA, CAREERS, MEDIA CENTER, CONTACT US, and BROKERCHECK. A search bar is located on the right. The main content area is divided into two primary sections: Market Data and Bond Facts.

**Market Data Section:**

- Market Data:** Welcome to FINRA's Market Data Center. This comprehensive tool is designed to assist investors with market and investment research, both through market data information provided as well as through the FINRA Investor Education material and tools.
- Market Data Center Overview Guide:**
- Market Indices:** A table showing the performance of major indices as of 09/24/2019 5:12:26 PM.
- FINRA TRACE Bond Market Activity:** A table showing bond market activity by category.
- Quick Search:** A section for searching by Debt / Asset Class and Show Results As.

**Bond Facts Section:**

- Bond Facts:** Look up bond information and order details. Includes a search bar for Bond or CUSIP number and a Go button.
- Economic Indicators:** A section for tracking economic indicators like Construction Spending, ISM Manufacturing Index, and Construction Spending.
- Market Barometer:** A section for tracking market performance across various sectors and time periods.
- Morningstar Indexes:** A section for tracking Morningstar Indexes across various categories.
- U.S. Treasury Benchmarks:** A section for tracking U.S. Treasury Benchmarks.

The FINRA logo and Investor Education Foundation logo are visible in the bottom right corner.

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# **TIP 4: SAY NO TO FOMO**

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## Biases Cloud Judgment When ...



- Complex info



- Risk & uncertainty



- Desire for positive outcome



- Conflicting priorities

## Know Your Sources



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## Investing in Low Priced Securities



Securities  
issued by small  
companies with  
low market  
capitalization

- ✓ Often traded OTC
- ✓ Can be real businesses
- ✓ May present higher risks
  - ✓ Difficult for investors to verify info
  - ✓ History of bad actors
  - ✓ Operational risks

## Digital Assets: Crypto & NFTs



May or may not  
be considered  
securities; may  
be commodities

- ✓ Ways to “invest” in digital assets
  - Purchase directly, seek appreciation
  - Invest in related ETFs or DA securities
  - Initial coin offerings (ICOs) or NFTs
- ✓ Considerations & Risk
  - Volatile
  - Significant, speculative risk
  - Subject to fraud, scams, cyberattacks
  - Major questions about regulation

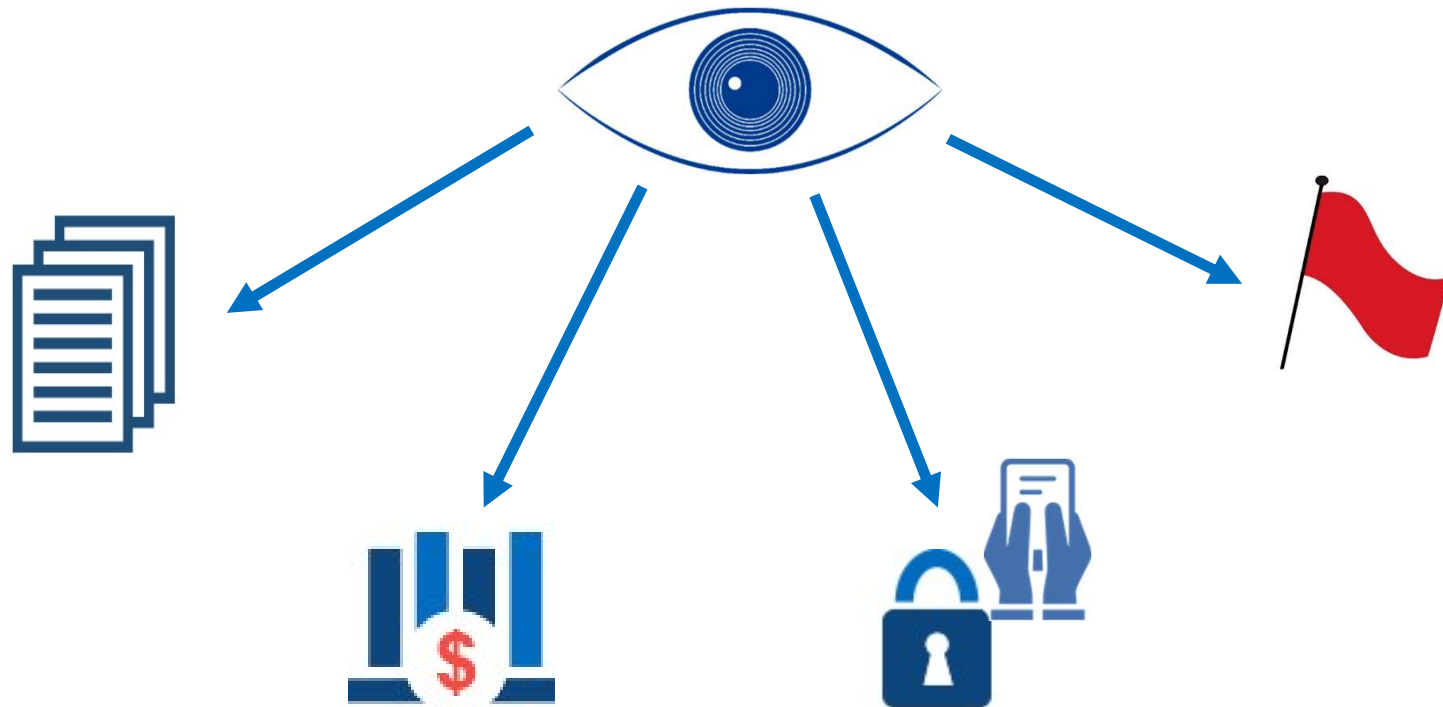
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## **TIP 4: KEEP A WATCHFUL EYE**

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# Monitor and Protect Your Accounts



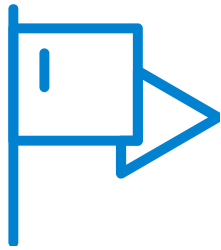
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## Red Flags of Investment Fraud



- ✓ Unverifiable Claims
- ✓ Guarantees of High Returns
- ✓ Little or No Risk
- ✓ Limited Opportunity
- ✓ Unregistered Salesperson / Firm

## Build Your Defenses



## What's a Trusted Contact?

Maybe your  
firm needs to  
reach you...



You are  
traveling



There is a  
natural disaster



There is a concern  
about fraud



You are having  
a health issue

**A trusted contact is someone who can help your financial firm help you, if needed. Add one today!**



Your trusted contact  
**CANNOT**  
make trades in  
your account



Your trusted contact  
**CANNOT**  
make decisions  
about your account

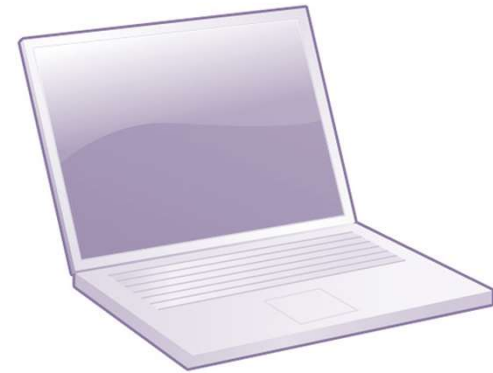


Being a trusted contact  
**DOES NOT**  
make them a power of  
attorney, legal guardian,  
trustee or executor

# Report Concerns & Suspicious

**FINRA Securities Helpline**

Call 844-57-HELPS (844-574-3577)



**SEC**

[www.sec.gov](http://www.sec.gov)

**FINRA**

[www.finra.org](http://www.finra.org)

**State Securities Regulator**

[www.nasaa.org](http://www.nasaa.org)

**Federal Trade Commission**

[www.reportfraud.ftc.gov](http://www.reportfraud.ftc.gov)

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## Remember...



- ✓ Check emotion; slow down decisions
- ✓ Continue to reassess risk tolerance
- ✓ Verify information sources
- ✓ Understand the risks of chasing short-term returns
- ✓ Diversify & think long term

**Seminar: XXX**



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[www.betterinvesting.org/freetrial](http://www.betterinvesting.org/freetrial)



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# Question or Comments?

Session Number: 218

Investor Insights: Tips and Tools for  
Smarter Investing

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Return them to the same location or at the  
information desk.



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