Take AIM Before You Invest!

TAP\$ TIPS

- On't invest until you investigate: Call the Securities Department's toll-free number at 800-628-7937 prior to purchasing any type of investment product. The department can provide background information on the investment company and help you identify red flags before you invest.
- Slow down and take your time: Don't make a quick decision no matter how enticing the investment appears. Most fraud occurs because the con artist talks the victim into making a "rushed" decision.
- Don't be too trusting: Often, the nicer and more professional the salesperson appears, the greater the con artist.
- Don't invest more than you can afford to lose: How much are you willing to lose if the investment turns out to be a scam? Are you investing your entire life savings? Never put all your eggs in one basket.
- Ask for written information about the organization behind the investment: Make sure you clearly understand and receive a written copy of the investment.
- Don't let embarrassment or fear keep you from reporting investment fraud: If you suspect a fraudulent investment scheme, do not hesitate to report it to the Securities Department.

Top Financial Scams

MILITARY AFFINITY FRAUD: Service members beware of high-cost insurance plans with low coverage and high-rate consumer loans. Service members are especially vulnerable to cash advance loans that offer quick and easy cash, but annual interest rates can approach triple digits if the principal is not paid off promptly.

BAIT AND SWITCH SCHEMES: Be very wary about advertising in which a particular investment promises spectacular profits, but investors have to be lured into the office to get it. Often, the sales agent then persuades the investor to purchase a different investment.

VARIABLE ANNUITY SALES: As sales of variable annuities have risen, so have complaints from investors — most notably, the omission of disclosure about costly surrender charges and steep sales commissions.

PONZI/PYRAMID SCHEMES: The formula is simple — promise high returns to new investors and use their money to pay previous investors. But all these schemes eventually collapse when new investors stop participating — leaving most of the participants with a financial loss.

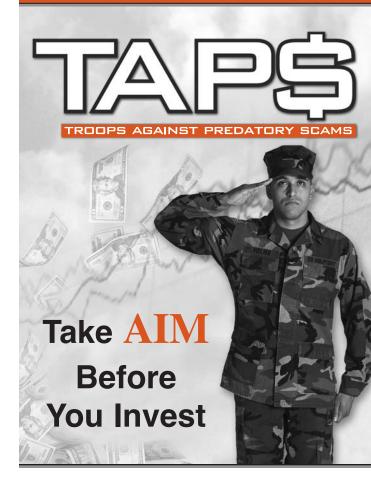


Illinois Secretary of State Securities Department 800-628-7937

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COMBAT MILITARY FINANCIAL FRAUD



A sk questions.

I nvestigate and compare.

Make the best decision for you and your family.





As Secretary of State, I am pleased to be able to provide those who serve our country with a valuable resource to help combat military financial fraud. TAPS (Troops Against Predatory Scams) is a new campaign through my office's Securities Department offering financial education and consumer protection tips to service members.

As a fellow veteran, I am outraged that many service personnel and veterans are being lured into lending and investment scams marketed by companies with military-sounding names that hire former officers as sales people. They know how to talk to service members to obtain their trust.

A critical step in wise investing is to INVESTI-GATE BEFORE YOU INVEST. Take AIM and call the Securities Department at 800-628-7937 for more information, including a copy of the *Investment Guide for Illinois Consumers*, a 35-page booklet full of tips on how to make wise investment choices. Remember, the best investor is an informed investor.

Desse White

JESSE WHITE Illinois Secretary of State

Considering an Annuity? Take AIM: Call TAPS for Tips at 800-628-7937.

- An annuity is a complex financial product. Before you purchase one, make sure you understand how it works and what fees and charges you will pay.
- Many annuities have surrender charges if you withdraw your money before the maturity date. Surrender charges may apply for as many as 15 years. Make sure you understand and are comfortable with the surrender charges.
- Determine whether the annuity is fixed, variable or indexed. Some annuities are tied to stock market fluctuations and, therefore, involve a high degree of risk. Make sure you understand the risks before you buy.
- Beware of claims that annuities are "guaranteed." Annuities are not guaranteed by any government agency. They are only as safe as the insurance company that offers them. Check out the financial strength of the company before you make your purchase.
- Watch out for introductory or teaser rates that may be significantly higher than the rate of return specified in the contract.

- If you are considering cashing in one annuity to purchase another, make sure the benefits outweigh the costs. You may be giving up benefits in the older annuity that will not be available under the new one.
- Find out the amount of the commission the agent will receive. Beware if the agent evades this question. Annuity commissions are sometimes so high that annuity agents will propose an annuity purchase out of self-interest even when the product is unsuitable for the customer.
- Some, but not all, annuities provide a death benefit. Make sure you know what will happen to the proceeds of the annuity upon your death. Compare death benefits if you are considering replacing one annuity with another.
- There are many different annuities on the market with widely varying fees, costs and features. Comparison shop before you buy. Make sure you discuss the purchase with someone you trust (financial advisor, attorney, accountant) and are satisfied that it suits your investment needs and risk tolerance.

BEFORE you purchase an annuity, Take AIM — Call TAPS first.