

# FINANCIAL CRISIS INVESTOR TIPS FOR A DOWN MARKET

Watching the stock markets plunge more than 34% in 2008, investors at all levels are feeling the strain and wondering what to do as the markets continue to slide in 2009. Before you make any investment move, get the facts. Here are some important things to consider:

**1. What is a “Real Loss”?** You only have a realized loss if you actually sell an investment at a price below its purchase price. Watching the value of a portfolio of investments decline in value, sometimes steeply, can be frightening. While it is important to think about how to preserve the value of your assets, don’t let panic drive your decision making. **Remember, you realize a loss only when you actually sell an investment and you control the timing of any sale.**

**2. Thinking about Cashing Out Your 401K Early?** Before you do, make sure you are aware of the consequences. If you cash out before you are 59 ½ and do not roll the proceeds into an IRA or another employer’s plan within 60 days,

- You may have to pay federal income tax on the entire amount;
- Your current employer is required to withhold 20% of your account balance to prepay the federal taxes;
- You may owe state and local tax on your distribution;
- You may also be subject to a 10% early withdrawal penalty tax by the IRS.

**For more information, go to:**

What You Should Know About Your Retirement Plan

<http://www.dol.gov/ebsa/publications/wyskapr.html>

(U.S. Department of Labor, Employee Benefits Security Administration)

**3. Considering Asking for Help from a Financial Services Professional? Check first.** A financial professional may be the one to help you get through this financial crisis. However, it is critical that you check out your investment adviser or broker salesperson **before** you entrust them with your money. Getting information about a financial services professional is easy. You can call the Securities Division of Louisiana’s Office of Financial Institutions (OFI) at 225-925-4512 or 1-877-516-3653 (free call) to:

- Request a FREE background report (CRD Report) on your investment professional
- Invite a FREE professional speaker to speak to your group on investment fraud prevention
- Learn how to submit a formal Complaint against an investment professional

State securities regulators can check an individual or company’s complaint history, employment history and proper registration with the State. Also, be sure to ask how your financial services professional gets paid. Do they receive compensation via a flat fee, commissions on transactions, or some other method? Do they receive their compensation on the front end or the back end? Don’t rush into signing anything, and consider asking a trusted friend or objective family member to help review your decision.

**Remember, if a professional or anyone else is offering returns that are too good to be true, they probably are. Get more information and be cautious.**

**Log on to OFI’s website at [www.ofi.la.gov](http://www.ofi.la.gov) to access free fraud prevention brochures, news updates on arrests, trials and convictions of those charged with securities fraud, free tools, such as our new Investor Checklist, ... and more!**

