



SEC 2015 Exam Priorities and How They May Affect You

The Securities and Exchange Commission recently released their 2015 exam priorities. One area they intend to scrutinize is retail investors, more specifically, the investments that are held in their clients' Individual Retirement Account ("IRA"). As Americans continue to march toward retirement, whether it be two or twenty years away, it is becoming more evident that a large portion of future retirement income is going to have to come from personal savings and retirement planning of the individual.

The days of working for the same company for twenty to thirty years and collecting an adequate pension are going by the way-side. Pension plans are expensive for employers and there is huge risk when and if the plan becomes underfunded. The amount of money that an employee was planning to have in retirement may adjust significantly once they are actually eligible to collect it and the age to collect full benefits is slowly rising. Some employers have moved away from pension plans altogether.

The same age and amount variables are true with social security as well.

Investment advisers that help individuals with traditional or rollover IRA accounts are going to have to pay attention to the investments that they recommend/make

within these accounts. These are accounts that investors are going to rely on for income one day (or now, if they are already retired.) Investments that are considered alternative, structured, speculative or illiquid should not make up the majority of an IRA account. Alternative investments have infrequent valuation, which could cause a number of problems, including fair market valuation of the account and affecting the amount of required minimum distributions (RMD.) In addition, it can take months to liquidate this type of investment and cause a delay for issuing the RMD, which could result in a significant tax penalty to the account owner.



While there are definitely some benefits to these types of investments, the pros and cons should be considered for each investor. It is quite possible that an investment adviser may be asked to explain the appropriateness of a particular investment, and show that they have maintained their fiduciary duty to their clients in recommending it.

To view a copy of the Securities and Exchange Commission's Examination Priorities for 2015 visit <http://www.sec.gov/news/pressrelease/2015-3.html#.VLfaHjFOWDI>

Monthly Registration Statistics (12/31/2014)

BD Firms	5	IA Firms	4
BD Agent	1,177	IA Reps	29