



New Money Coming Into Indian Country: Plan for the Long Term

Progress is happening in Indian Country, and a growing number of Native people share a need for sound financial planning and investing tools. Whether the sources are from tribal economic development, gaming, settlements, or successful career choices, money provides opportunities for individuals, families, and communities. You or someone you know might have been the recipient of one or more of the following:

Lawsuit Settlements: Over the past generation, a large number of Indian Country lawsuit settlements have resulted in significant lump-sum payouts to a wide range of Native American people. Legal settlements are not uncommon in tribal communities, and recipients of these payouts can be targets for fraud, predatory financial products, and unscrupulous sales practices.

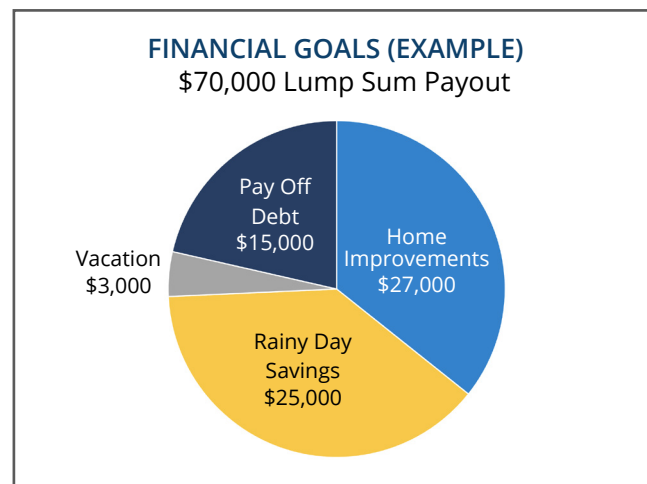
Federal Land Acquisition: The federal government continues to purchase highly fractionated interests in trust or restricted lands to consolidate those lands on behalf of tribal nations. The purchased land remains in trust for tribes to build housing, expand economic development, and support other community benefits. Individual landowners who voluntarily choose to sell their interests in fractionated land receive direct payments, which can be sizeable.

Per Capita Distributions: Some tribes pay a portion of tribal gaming profits and other revenues directly to members on a quarterly, semiannual, and annual basis. For younger tribal members, these payments are often placed into minors' trust accounts until the member reaches a certain age, often 18. Upon distribution, this payout can result in a large sum of money to a young person who might lack life experience and money management skills.

If you're a recipient or potential recipient of this new money, you may have questions about how to manage and invest the assets and how to select and work with an investment professional. The Financial Industry Regulatory Authority (FINRA), the FINRA Investor Education Foundation, and First Nations Development Institute teamed up to develop the following tips to help you confidently manage this new money and avoid financial fraud.

MONEY MANAGEMENT TIPS

1. **View the settlement or payment as a lifelong asset, not a one-time windfall.** Your payment may feel like a windfall at first, like you won the lottery or a big cash prize. But understand that it's meant to help you build a secure financial foundation, to supplement or sustain you or your family over your lifetime. You may have the impulse to spend all your money at one time—or make a big purchase—but it's important to put emotions on hold and create a plan for how to manage these funds for the long term.
2. **Organize your financial house.** Use this time to gather your personal and financial documents together so that you can assess what you have, what you owe, what type of payment you will receive, and what other income you have to cover your day-to-day expenses. Be sure to include your monthly bills, statements from your financial institutions (including banks, credit unions, credit card companies, other lenders, brokerage firms, or mutual funds), and any loan documentation. This is also a good time to create a [spending plan](#).
3. **Pay off high-interest debt.** Few money-management strategies pay off as well as, or with less risk than, paying off your high interest debt. Let's say you have a \$3,000 balance on a credit card that charges 18 percent APR and requires a minimum payment of 2.5 percent each month. Assuming you charge nothing else, it will take you 263 months—nearly 22 years—to pay off your debt! In addition, the total amount you pay for that \$3,000 charge will be \$4,115.44—an amount that you could have saved or invested. If you can't pay off credit card debt immediately, work out a structured plan to pay off the balance as quickly as possible.
4. **Follow these steps to set and achieve financial goals.** Just as in other aspects of your life, setting financial goals is a tried-and-true way to reach those goals. You can create a list of your financial goals on your own or work with a financial professional who has experience in this area. These steps will work for most situations:
 - Identify your most important short-, medium-, and long-term financial goals.
 - Estimate how much each of your goals will likely cost.
 - Set up separate savings or investment accounts for each of your major goals.
 - Choose [investments](#) suited to meeting each of your goals based on your time frame and tolerance for risk.
 - Understand key investment concepts including [risk](#) (all investments carry some degree of risk) and [diversification](#) (avoid putting all your eggs in one basket).



- 5. Think about whether you need help.** Achieving financial goals is often undertaken with the help of a financial professional, such as a broker, investment adviser, accountant, insurance agent, or financial planner. Here are four key steps for choosing financial professionals:
- Understand the different [types of investment professionals](#) you could work with—as well as the products and services they offer and fees they charge—to help you achieve each of your financial goals.
 - Search for possible candidates, perhaps with the assistance of friends, neighbors, relatives, or colleagues—especially those who have some investment experience.
 - Check the work background and disciplinary history of your finalists using [FINRA BrokerCheck](#). Keep this in mind: Only individuals and firms that are registered can sell securities—including stocks, bonds, and mutual funds—to the public.
 - Read and understand any paperwork you're asked to fill out or sign. If you're uncertain about the documents, ask for help from someone who isn't connected to the professional, firm, or investments.
- 6. Ask plenty of questions of financial professionals before using their services.** Questions include:
- What licenses, professional qualifications, or designations do you have?
 - How long have you and your firm been in business?
 - How do you get paid? Do you receive commissions on products I buy? A percentage of the amount of my assets that you manage? A flat fee? Any other method?
- 7. Protect Your Money: Beware of Frauds and Scams.** Financial fraudsters set their sights on people who have money, so your payments, especially if they're widely known, may make you a target for scams. Often, you can avoid fraud by asking questions and researching any financial professionals or investments you're considering.
- Know the warning signs of fraud—including promises of quick profits, "guaranteed" returns or pressure to send money immediately.
 - Use FINRA's Scam Meter to help determine when an investment or a pitch might be a fraud.

Be Careful Who You Trust

- ▶ You may be tempted to invest your money in a particular investment if you hear that your friends or family—or other members of your tribe—are buying it. Psychologists call this "social consensus." Our brains tell us that when people around us are all doing something, it must be okay. But when it comes to investing, you need to do your own research to make sure the opportunity is legitimate and that the person selling the investment is properly licensed. Also consider whether the opportunity is right for you and your unique financial circumstances.
- ▶ Criminals who commit "affinity fraud" exploit social consensus by targeting groups that look or act like them. So be careful who you trust, including someone who may (or may claim to) share your Native American heritage. Don't allow this shared background to give you a false sense of trust. Use these [resources](#) to minimize your risk of falling victim to financial fraud.
- ▶ When it comes to managing one-time settlements or disbursements of money, plan with a long-term horizon in mind. Keep your emotions in check. Resist impulse purchases. Take the time to get your finances in order, develop a financial plan, and evaluate investments and financial professionals carefully. Do your homework, and don't be afraid to ask questions. After all, it's your money.

Additional information about how to manage your money is available on the [FINRA](#) and [First Nations](#) websites.

8. When using financial technology, or fintech, products or services, practice the same due diligence and caution as you would when working with a financial professional. Fintech is a quickly growing sector within the financial services industry. Mobile apps designed to assist individuals with investing, budgeting, borrowing, and other financial needs have grown in popularity. Here are four considerations for choosing a fintech app or website:

- Determine the purpose of the app and if it suits your needs. For example, some investing apps are better suited for experienced investors who are used to making investing decisions on their own. Other apps cater more to novices and offer more support and investor education tools. And some apps may nudge you in a way that leads to more frequent trading. Research has generally shown that frequent trading is more harmful than helpful to your investment returns over the long term.
- Pay attention to fees and associated costs. Some fees might not be immediately clear. Other times, a free app might try to steer you toward other financial products, like loans and credit scores, that may require payment
- Exercise common sense and caution as with any other online experience. This means using a secure network, safeguarding passwords, and opting into multifactor authentication when logging onto the website or app.
- Pay attention to how much of your information and data the app is able to access. Some apps will aggregate all of your financial accounts onto their platform and maintain this information. This can be a convenient way to manage your money, but it also leaves you vulnerable if the app is hacked or its security is compromised.

USE THESE RESOURCES

FINRA Investor Information

Investor Insights articles, interactive tools and much more to help you invest smarter and safer

www.finra.org/investors



FINRA Market Data

Data on equities, options, mutual funds and a wide range of bonds

www.finra.org/marketdata

FINRA Investor Complaint Center

If you feel you've been treated unfairly

www.finra.org/complaint

FAX: 866-397-3290

FINRA Securities Helpline for Seniors — HELPS®

For senior investors to get assistance from FINRA or raise concerns about issues with brokerage accounts and investments

www.finra.org/seniorhelpline

TOLL-FREE:
844-57-HELPS
844-574-3577

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WHO IS FINRA?

FINRA oversees the professionals and firms that sell stocks, bonds, mutual funds, and other securities products. As regulators, we can't recommend any particular firm, individual or type of investment professional. Our goal is to equip—and empower—you to weigh your options.

FIRST NATIONS

First Nations serves Native American communities throughout the United States. For over 40 years, using a three-pronged strategy of educating grassroots practitioners, advocating for systemic change, and capitalizing Indian communities, First Nations has been working to restore Native American control and culturally compatible stewardship of the assets they own—be they land, human potential, cultural heritage, or natural resources—and to establish new assets for ensuring the long-term vitality of Native American communities.