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Investor Bulletin: 12 Saving and Investing Tips for 2012

Below are some suggestions on how to become a smarter investor in 2012.

Tip #12 Pay off high-interest debt. Paying off high-interest debt may be your best investment strategy. Few investments pay off as well as, or with less risk than, eliminating high-interest debt on credit card or other loans.

Tip #11 Pay yourself first. Regular automatic deductions from your paycheck or bank account into a savings or investment account will keep you on track toward your short and long-term financial goals.

Tip #10 Boost your “rainy day” fund. Many experts recommend keeping about six months of expenses in a federally insured account to cover sudden unemployment or other emergencies.

Tip #9 Help stop affinity fraud in your community. Affinity fraud refers to investment scams that prey upon members of identifiable groups. Learn how you can help protect yourself and your community from the potentially devastating impact of affinity fraud at <http://investor.gov/sites/default/files/Affinity-Fraud.pdf>.

Tip #8 Don't put all your eggs in one basket. Think twice before investing heavily in shares of your employer's stock or any individual investment.

Tip #7 Take advantage of “free money” (if available). In many employer-sponsored retirement plans, the employer will match some or all of your contributions. If your employer offers a retirement plan and you do not contribute enough to get your employer's match, you are passing up “free money” for your retirement savings.

Tip #6 Beware of promises of “guaranteed returns.” Promises of high returns, with little or no risk, are classic warning signs for fraud. If it sounds too good to be true, it probably is.

Tip #5 Understand the fees you pay to buy, own, and sell your investments. Investment costs shouldn't take you by surprise. Fees and expenses vary from product to product and can take a huge bite out of your returns. Even small differences in investment costs can translate into large differences in returns over time.

Tip #4 Teach your children about good financial habits. Recent research suggests that direct teaching by parents is an important predictor of a young person's future financial success.

Tip #3 Research investments before handing over any money. Smart investors always [check whether an investment is registered with the SEC](#) by using the SEC's [EDGAR database](#) or contacting the SEC's toll-free investor assistance line at (800) 732-0330.

Tip #2 Check the background of your investment professional. Many investors do not know that you can check the background of a [broker](#) or [investment adviser](#). It's free and easy – and a key step for avoiding investment fraud.

Tip #1 Visit [Investor.gov](#) before making your next investment decision. Created by the U.S. Securities and Exchange Commission, [Investor.gov](#) is a free, easy to use web site with objective information on investing wisely and avoiding fraud. You can learn about financial products, research investment professionals, and find more information about the tips above.

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