



Pension Advance Loans Consumer Alert

The U.S. Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) recently issued an Investor Alert warning consumers about buying and selling pension or settlement income streams. Persons receiving monthly pensions, including military and government retirees, as well as citizens who have received a large settlement such as a personal injury lawsuit may be targeted by salespeople offering an immediate lump sum in exchange for rights to some or all payments of a pension or settlement. In most cases, this payout will be drastically lower than the value of the future income stream.

As a member or retiree of the Florida Retirement System (FRS) Governor Rick Scott, Attorney General Pam Bondi and Chief Financial Officer Jeff Atwater as the Trustees of the State Board of Administration urge you to use great caution if you are considering buying or selling your pensions or settlement income streams. In many cases, it may seem like a great deal to receive a lump sum now; however, that decision today could have dire financial consequences down the road. You may end up receiving money today that is significantly less than if you continued to receive your scheduled payments.

The Investor Alert issued by the SEC and FINRA asks consumers to ask themselves the following questions before selling their income streams.

- Is the transaction legal? Some laws prohibit or restrict the assignment of pensions (the FRS prohibits assignment of benefits).
- Is the transaction worth the cost? If you are in need of instant income, compare the discounted rate from selling your pension versus taking out a bank loan.
- What is the reputation of the company offering the lump sum? Ensure that you are working with registered individuals and entities.
- Will the purchaser require you to buy life insurance? The additional life insurance may increase your costs.
- What are the tax consequences? The lump-sum payment you collect may be taxable.

Individuals providing investment advice or those who sell securities in Florida are required to be registered with the Office of Financial Regulation (OFR). Before selling your rights or investing in someone else's pension income, obtain a detailed report of the offeror's registration information and any disclosure events at the following online sites:

- [FINRA Broker Check](#)
- [Investment Adviser Search](#)

In addition, check with your local Better Business Bureau to ensure the company has not received any complaints.

Floridians who suspect questionable practices should contact the OFR to file a complaint. Consumers can file a complaint online at www.FLOFR.com or call the OFR at (850) 487-9687.