

Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

Taxpayers with IRAs: FYI

The IRS Does NOT Approve IRA Investments

Washington, D.C. — Investors with Individual Retirement Arrangements (IRAs) should be on the lookout for ads and solicitations that claim that certain types of investments for IRAs are “IRS-Approved” or “IRA-Approved.” The government says these ads are misleading, because the IRS does **not** approve investments for IRAs.

According to the Federal Trade Commission, the Securities and Exchange Commission and the North American Securities Administrators Association, investors are getting misleading sales pitches for specific IRA investments via the telephone, the mail and the Internet. Most solicitations are variations on this theme:

“This investment has been approved for your IRA. You can use your IRA for this investment by filling out the forms in the attached information package. Our agent will take care of the rest. This has been reviewed by the government (or the IRS). This investment is so safe you can use it for your IRA. Only certain investments are approved for IRAs.”

The agencies say that fraudulent promoters are trying to take advantage of consumers who may be confused about the role of the IRS when it comes to IRAs. The IRS issues letters to IRA sponsors, trustees and custodians certifying that they are complying with requirements concerning investor rights, account administration, and standards that allow contributions to be deductible. But the IRS does **not**:

- ✗ review or approve investments;
- ✗ advise people on how to invest their IRAs;
- ✗ endorse any investments; or
- ✗ issue statements that an investment in an IRA is protected because the IRS has approved a particular trustee or custodian.

Before you invest, check with your state securities regulator to make sure the investment and person selling it are registered. You can find the phone number for your state securities regulator in the blue pages of the phone book.

For questions or complaints about claims for IRA investment opportunities made through telephone, mail or online promotions, contact the Federal Trade Commission (202-FTC-HELP), the Securities and Exchange Commission (1-800-SEC-0330) or the North American Securities Administrators Association (202-737-0900) or visit them online at www.ftc.gov, www.sec.gov or www.nasaa.org.

For information about setting up, contributing to, and deductions for an IRA, contact 1-800-TAX-3676 and ask for the free IRS Publication 590, “Individual Retirement Arrangements (IRAs).”