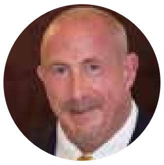
Signature Estate & Investment Advisors, LLC®
Established 1997

VOL 17 ISSUE 1 SEIA.COM

The SEIA Report

Q1 2024

Scams – And How to Avoid Falling for Them



By Gene Balas, CFA®
Investment Strategist

Investment scams raked in more than $4.6 billion—more than any other category – in 2023. That amount represents a 21% increase over 2022. The second highest reported loss amount came from imposter scams, with losses of nearly $2.7 billion reported.

And in 2023, consumers reported losing more money to bank transfers and cryptocurrency than all other methods combined. These data are from the Federal Trade Commission's Consumer Sentinel Network, the tool the FTC uses to track scam reports. (The FTC compiles data on scammers but doesn't prosecute scammers itself; it refers cases to the FBI.)

There are several ways through which scammers meet their victims: email being the most common, followed by phone calls and text messages. Social media – including dating websites – are also popular with scammers. Scams starting on social media accounted for the highest total losses at $1.4 billion. But scams that started by a phone call caused the highest per-person loss ($1,480 average loss).

While the numbers of investment scams and imposter scams don't overlap based on the methodology of the data collection, sometimes investment scams begin as imposter scams. Some victims have lost hundreds of thousands of dollars, and the FTC reports the median (which is lower than the average) loss due to investment scams is $7,768.

How? The newfound "friend" or supposed romantic interest that a victim might encounter on social media or a dating website might seem like a trustworthy person, and the relationship might progress to include discussions of investment topics. Or possibly someone emails, calls, or texts the victim with an enticing investment opportunity, pretending to be a knowledgeable investor or even a trusted professional. Perhaps the scammer boasts of their investment earnings, often in cryptocurrencies or maybe even in stocks or other investments.

continued on page 5

"I believe successful wealth management is the result of an ongoing collaboration between investor and advisor, built upon trust and maintained according to the highest standards of integrity and expertise."

Brian D. Holmes,
MS, CFP®, CMFC, AIF®,
President & CEO

ABOUT SEIA
Signature Estate & Investment Advisors, LLC® (SEIA) is a Registered Investment Advisor firm offering Investment Supervision and Financial Planning Services tailored to align the unique needs of affluent individuals and corporations. Fundamental experience and professionalism enable the financial advisors, with SEIA's research and support staff, to design a financial plan or investment portfolio to align the client's goals.

SEIA Presenting Sponsors of Naismith Awards

SEIA had the privilege of serving as the presenting sponsor at the Naismith Awards Final Four press conference, where Caitlin Clark was named the 2024 Women's Player of the Year. It was a momentous occasion to recognize the remarkable talent and accomplishments within college basketball.

Our Managing Senior Partner, Jennifer Kim, and Financial Advisor, Hayley Wood Bates, represented SEIA and paid tribute to these extraordinary women. Congratulations to all the outstanding athletes! Here's to a future filled with ongoing triumphs both on and off the court.

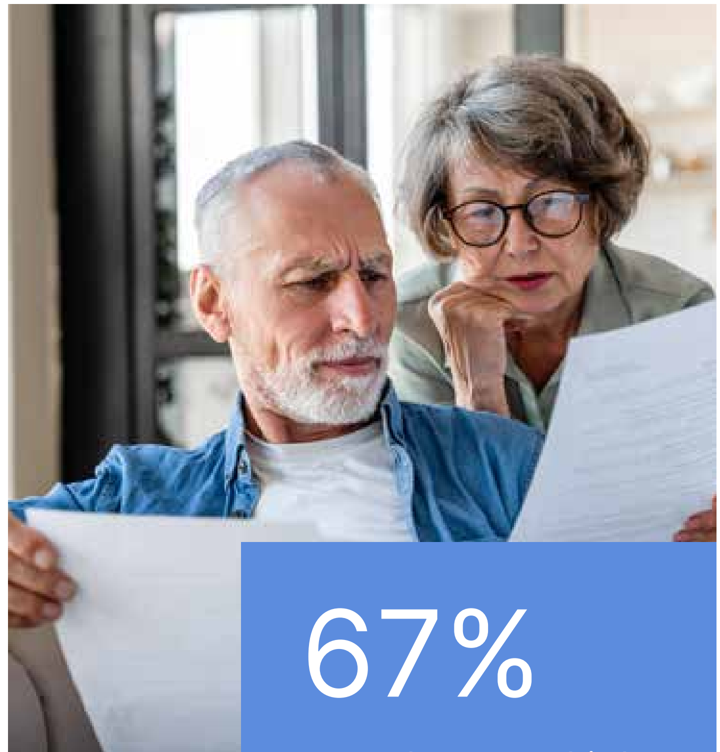
Estate Planning Essentials

Setting up the building blocks for a more impactful legacy

By April Rosenberry, JD, LLM in Taxation
Director of Estate, Tax, and
Financial Planning

Regardless of your age or the extent of your wealth, estate planning should be an essential part of your overall financial planning. Not only does estate planning offer the means to preserve and ultimately distribute your assets according to your wishes, it helps you determine that your personal healthcare wishes and directives are followed and helps minimize exposure to taxes and avoid probate on your estate.

Yet according to a recent survey, more than two-thirds of adult Americans (67%) have yet to implement any sort of estate planning.[1]



67%

more than two-thirds of adult Americans (67%) have yet to implement any sort of estate planning.[1]

From Pablo Picasso who died intestate (causing his estate settlement to take six years at a cost of $30 million) to the more recent death of Prince who passed away without a will or estate plan (leading to a contentious and costly 5+ year legal battle for his $156 million estate), there's no shortage of cautionary tales about the importance of having a plan. Yet far too many people either procrastinate entirely or fail to update their estate plans to reflect changing circumstances.

The simple truth, however, is that estate planning doesn't need to be overly challenging, difficult or time consuming. At SEIA, we're here to help you navigate the process—showing you how establishing a solid estate planning foundation for yourself and your family can be as easy as 1-2-3:

Define Your Legacy

Before diving into estate planning specifics, it's important to first take time to reflect on what matters to you most; to help bring greater clarity to your legacy objectives and goals.

- What are your priorities regarding the eventual transfer of your wealth?
- What values do you hope to instill in future generations?
- What charitable causes or civic organizations would you like to support?

By documenting these core values, you'll be able to strengthen bonds across generations. And through defining the legacy you wish to leave, you're able to create a roadmap for how you want to be remembered and the impact you want to leave behind.

1 Source: Think Advisor "Two-Thirds of Americans Don't Have an Estate Plan: Survey," October 2022

Identify Your Assets
Next, you will need to gather information on all your financial assets (identifying their type, title and value) so your team can establish a full understanding of your overall planning needs. Along with your financial assets, thoughtful planning involves identifying and leveraging non-financial assets such as personal property (e.g., heirlooms, photos, jewelry, keepsakes) as well as digital assets (e.g., social media, blogs, audio files, cloud storage, electronically stored documents, etc.). And don't forget to include your furry or feathered friends. Under many state laws, pets are considered personal property, allowing you to provide for their financial and personal care in your estate planning documents.

These simple steps will help ensure that all of your assets are accessed and transferred to intended beneficiaries pursuant to your wishes.

Draft Key Estate Planning Documents
Once equipped with insights about your legacy and a clearer understanding of your assets, it will be time to draft a handful of important estate planning documents. While there's no 'one size fits all' list of documents that are applicable for everyone, the following are often considered foundational elements for a wealthy individual's estate plan:

Will—your will is a legal document that outlines how you want your assets to be distributed upon your death. With some exceptions, wills are governed by your state's Probate Court (meaning a judge will oversee your estate assets, beneficiary rights, and distributions). In some states, probate has the potential to be lengthy, expensive and challenging for your surviving family.

Assets may take up to two years to reach your beneficiaries, and costs can average 7% (although your specific costs may significantly differ since total probate costs depend on the value and type of an estate's assets). Also, keep in mind that most probate processes are a matter of public record; meaning your personal information (and that of your beneficiaries) will be accessible to the public.

Lifetime (Revocable) Trust—a revocable trust is a versatile tool that allows you to hold and plan for assets during your lifetime, and then ultimately transfer those assets to beneficiaries upon your death. Revocable trusts are specifically designed to bypass the probate process and allow your named decision-makers more control over how and when assets are distributed through a private process outside of the courts.

Beneficiary Designations—allows assets such as retirement accounts, life insurance policies, annuities and payable-on-death bank accounts to also circumvent the probate process; passing directly to the named beneficiaries. This means it's vital to conduct periodic reviews of all your beneficiary designations to ensure they still align with your overall estate planning goals.

Durable Power of Attorney—should you become incapacitated at any point in time, this document appoints someone to make financial decisions on your behalf.

Health Care Directives (Living Will & Healthcare Power of Attorney)—document your specific preferences for medical treatment if you are unable to communicate. It's a way to ensure your cultural, religious and personal wishes concerning life-saving measures and end-of-life care are honored.

Additionally, for individuals with a net worth of more than $5 million (or $10 million for married couples), there are certain tax and trust strategies (i.e., *Advanced Strategies*) which can be implemented to deliver an extra measure of long-term tax minimization and asset protection.

Once in place, your estate planning documents should generally be reviewed every few years to ensure they still meet your wishes and remain compliant with any changes to current tax laws. They should also be updated to reflect any life changes (e.g., marriage, divorce, births, deaths) as well as any significant changes to your financial situation.

Conclusion
By taking a little time to better understand the fundamentals of estate planning, you can create a stronger plan that will highlight your legacy and help determine the distribution of your assets in accordance with your wishes. If you have questions or would like more information about estate planning, please talk with your SEIA advisor. We're here to help you achieve greater financial peace of mind; and this can be a tremendous way to further that goal.

Investments in cryptocurrencies, because of their reputation for having delivered high (but very volatile) gains in recent years and because they are not as widely understood as are other investments, are in particular a popular ruse for scammers. A victim may be eager to ask the scammer to show them how they too can earn such amazing "returns".

The scammer often might not ask the victim for money at all. Instead – after fostering a relationship – they suggest that the victim "invest" using an app (including ones that are downloaded from Apple's or Google's app stores) but ones in which the scammer controls the behind-the-scenes operations, not a legitimate investment company.

The victim "invests" money into the app, using the instructions the scammer provides on how to set up the account and where to send money. The app even gives information on how much money was earned or lost, giving the victim the illusion of seeing a "real" portfolio that is increasing in value.
The victim may be inspired by the supposed gains of their investment, and send in even more money.

The account appears to continue to grow in value – until the victim wants to actually withdraw funds. The scammers may then even attempt to inflict one more attempt at fraud by asking for funds to pay a "tax bill" when the victim seeks to withdraw funds from the app. After unsuccessfully being able to withdraw their funds is when the victim realizes they were scammed, and by then, the scammer is long gone – along with what may be a sizeable amount of money.

So how can you avoid being the victim of a scam? By now, many, if not most of us, know to avoid clicking on links without at least some degree of suspicion (and to hover over links to make sure the URL of the website is, in fact, the legitimate one for the site we intend to visit). We also know to recognize emails, texts, or phone calls saying the sender of the message or caller is from the IRS are scams (the IRS contacts people only by U.S. postal mail, and will not ask for money except through designated channels).

And we know that "alerts" saying they are from a credit card company asking us to click a link to check suspicious activity are, themselves, suspicious, as credit card companies will only tell you to visit the website or call the phone number found on the back of the credit card to learn more, not click a link. We also know not to trust any notice asking for our bank account information, such as to collect "winnings" from a sweepstakes or other prize.

But when it comes to encountering people who seek to build our trust, we can be more vulnerable to scams. Humans

A scammer can thus use social media to do their homework on a potential victim before contacting them, perhaps via a phone call, email, or a text message, if not through social media itself.

naturally want to trust other people – especially people who seem like us. Social media, however, is a fertile area for scammers to find information about someone to then use to build rapport with the victim in a subsequent interaction, perhaps saying they are from the same town the victim is from, or who used to work at the same company, or who shares a similar hobby, etc.

A scammer can thus use social media to do their homework on a potential victim before contacting them, perhaps via a phone call, email, or a text message, if not through social media itself. As often said, people should be very careful what they post on social media, including dating sites, but perhaps more important, people should simply remember the degree of information about themselves that is publicly available on the internet, whether in social media channels or from a simple internet search. When a stranger seeks to build rapport with a victim, it is imperative to remember that the pretenses used to establish a relationship could be entirely false.

Overall, while the blanket advice I give my elderly mother, "Trust no one", is perhaps overly strong, we may all benefit from being perhaps just a little bit more suspicious, cautious, or at least thoughtful, in our daily interactions with people. Things are not always as they seem, after all.

SEIA Expands National Footprint with Its Largest Planned Acquisition To Date of a Cleveland-Based RIA

We're thrilled to announce our upcoming acquisition of Cedar Brook, a $2 billion RIA based in Cleveland, Ohio. Expected to close in June 2024, this move will elevate SEIA's AUM to over $22 billion and expand our reach into the Midwest.

Bill Glubiak, CEO of Cedar Brook, adds, "Joining forces with SEIA marks an exciting chapter for Cedar Brook. Our shared devotion to client-centric services and innovative wealth management solutions positions us to deliver additional value to our clients."

"This dynamic partnership embodies our core values and aligns with our strategic vision of holistic wealth management services nationwide on behalf of our clients and their legacies," says Brian Holmes, SEIA's CEO.

This collaboration strengthens our presence in Ohio, Pennsylvania, and Michigan, combining Cedar Brook's proficiency in financial planning with our comprehensive wealth management services.

"This dynamic partnership embodies our core values and aligns with our strategic vision of holistic wealth management services nationwide on behalf of our clients and their legacies."

Brian Holmes, CEO

The reported Assets Under Management (AUM) represents the combined total of SEIA and its affiliated entities as of 3/31/2024, totaling $20.3 billion, with an additional estimated $2 billion in assets from Cedar Brook Group. AUM includes portfolios continuously supervised or managed by SEIA and its affiliates. The AUM encompasses assets like stocks, bonds, ETFs, mutual funds, and cash, among others.

SEIA

Signature Estate & Investment Advisors, LLC®

SEIA.COM