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The retired should limit market risk

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During the last few years of extreme volatility, investors who are retired may have seen their retirement assets reduced by 20 percent to 30 percent, or even more, only to be told that everyone has lost a lot and we have just experienced an unprecedented time in history.

The truth is that once retired, you should not have been exposed to the market risk. It becomes an issue of being recommended an unsuitable portfolio that is not able to withstand the volatility of a business cycle downturn more commonly called a recession.

Norman Poser, a professor at Brooklyn Law School, stated in his Broker-Dealer Law & Regulation that "perhaps the clearest example of a suitability violation occurs where a broker recommends speculative securities to a customer whose financial situation clearly calls for conservative investments (for example, a retired person who needs the income from his investments for his living expenses and who has no reasonable expectation of being able to replace any substantial trading losses)."

If you find yourself in this situation, you may want to go to the FINRA (Financial Industry Regulatory Authority) website, www.finra.org, and follow the tab designed for individual investors. FINRA is the regulatory body of the securities industry and the one responsible for establishing the rules and regulations of the financial service industry.

As you will discover, there is a format for individual investors to follow that gives them the ability to tell their story and possibly recover some of their hard-earned savings.

You also will notice that the number of claims has risen substantially, going from 3,238 arbitration cases filed in 2007 to 7,137 being filed in 2009.

It may be a difficult decision to bring into question the acts of your chosen investment professional, but deciding how to survive when your assets have been lost due to unsuitability will prove much more difficult.

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