

**Key Topics:**

- Investor Tips
- Fraud Prevention
- Helpful Resources

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# New Money Coming Into Indian Country: Plan for the Long Term

A range of programs and lawsuit settlements have resulted in new money coming into Indian Country. You or someone you know may have been the recipient of one or more of the following:

- **Lawsuit Settlements.** Over the past five years, Indian Country lawsuit settlements totaling more than \$3 billion have been reached. Recipients of the large Keepseagle and Cobell class action legal settlements with the federal government have begun to receive lump-sum payouts. In addition, more than 50 additional tribal lawsuits, totaling more than \$1.0 billion, have been settled and payouts have begun, with another estimated 60 tribal settlements in the legal pipeline.
- **The Land Buy-Back Program for Tribal Nations.** The Land Buy-Back Program for Tribal Nations was established by the Department of the Interior to implement the land-consolidation provisions of the Cobell v. Salazar class-action lawsuit settlement agreement. The settlement provided for a \$1.9 billion Trust Land Consolidation Fund to consolidate fractional land interests across Indian Country. It will ultimately affect approximately 150 unique reservations with individuals that have fractional interests. The Land Buy-Back Program allows interested individual owners to receive payments for voluntarily selling their land.
- **Minor's Trust Payouts.** Some tribes hold dividend payments and lawsuit settlement payments in minor's trust accounts for their younger members. When a tribal member reaches a certain age, often 18, they receive their payout, also referred to as their "Big Money" or "18 Money." In some cases, this payout results in a large lump sum of money.

If you are a recipient or potential recipient of this new money, you may have questions about how to manage and invest the assets, and how to select and work with an investment professional. The Financial Industry Regulatory Authority (FINRA), the FINRA Investor Education Foundation and First Nations Development Institute teamed up to develop the following tips to help you confidently manage this new money, as well as avoid financial fraud.

## Money Management Tips

1. View the settlement or payment as a lifelong asset, not a one-time windfall. Your payment may feel like a windfall at first, like you won the lottery or a big cash prize. But understand that it is meant to help you build a secure financial foundation, to supplement or sustain you or your family over your lifetime. You may have the impulse to spend all your money at one time—or make a big purchase—but it is important to put emotions on hold and create a plan for how to manage these funds for the long term.
2. Organize your financial house. Use this time to gather your personal and financial documents together so that you can assess what you have, what you owe, what type of payment you will receive, and what other income you have to cover your day-to-day expenses. Be sure to include your monthly bills, statements from your financial institutions (including banks, credit unions, credit card companies, other lenders, brokerage firms or mutual funds), and documentation on any loans. This is also a good time to create a spending plan.
3. Pay off high-interest debt. Few money-management strategies pay off as well as, or with less risk than, paying off all high interest debt you may have. Let's say you have a \$3,000 balance on a credit card that charges 18 percent APR and requires a minimum payment of 2.5 percent each month. Assuming you charge nothing else, it will take you 263 months—nearly 22 years—to pay off your debt! In addition, the total amount you pay for that \$3,000 charge will be \$4,115.44—an amount that you could have saved or invested. If you can't pay off credit card debt immediately, work out a structured plan to pay off the balance as quickly as possible.
4. Follow these steps to set and achieve financial goals. Just as in other aspects of your life, setting financial goals is a tried-and-true way to reach those goals. You can create a list of your financial goals on your own or you can work with a financial professional who has experience in this area.

These steps will work for most situations:

- Identify your most important short-, medium- and long-term financial goals.
  - Estimate how much each of your goals will likely cost.
  - Set up separate savings or investment accounts for each of your major goals.
  - Choose investments suited to meeting each of your goals based on your time frame and your tolerance for risk.
  - Understand key investment concepts including risk (all investment carry some degree of risk) and diversification (avoid putting all your eggs in one basket).
5. Think about whether you need help. Achieving financial goals is often undertaken with the help of a financial professional, such as a broker, investment adviser, accountant, insurance agent or financial planner. Here are four key steps for choosing financial professionals:
    - Understand the different types of people or firms you could work with to help you achieve each of your financial goals. On its website, FINRA offers an overview of the various types of investment professionals and the products and services they offer.
    - Search for possible candidates, perhaps with the assistance of friends, neighbors, relatives or colleagues—especially those who have some investment experience.
    - Check the work background and disciplinary history of your finalists using FINRA Brokercheck. Keep this in mind: Only individuals and firms that are registered can sell securities including stocks, bonds and mutual funds to the public.
    - Read and understand any paperwork you're asked to fill out or sign. If you are uncertain about the documents, ask for help from someone that is not connected to the professional, the firm or the investments.

6. Ask plenty of questions of financial professionals before you use their services. Questions include:
- What licenses, professional qualifications or designations do you have?
  - How long have you and your firm been in business?
  - How do you get paid? Do you receive commissions on products I buy? A percentage of the amount of my assets you manage? A flat fee? Any other method?

Protect Your Money: Beware of Frauds and Scams. Financial fraudsters set their sights on people who have money, so your payments, especially if they are widely known, may make you a target for scams. Often, you can avoid fraud by asking questions and researching any financial professionals or investments you are considering.

- Know the warning signs of fraud—including promises of quick profits, «guaranteed» returns or pressure to send money immediately.
- Use FINRA's Risk Meter and Scam Meter to help determine in an investment or a pitch might be a fraud.

## Be Careful Who You Trust

You may be tempted to invest your money in a particular investment if you hear that your friends or family—or other members of your tribe—are buying it. Psychologists call this “social consensus.” Our brains tell us that when people around us are all doing something, it must be okay. But when it comes to investing, you need to do your own research to make sure the opportunity is legitimate and that the person selling the investment is properly licensed. You also should consider whether the opportunity is right for you and for your unique financial circumstances.

**Criminals who commit “affinity fraud” exploit social consensus by targeting groups that look or act like them.** So be careful who you trust, including someone who may (or may claim to) share your Native American heritage. Don't allow this shared background to give you a false sense of trust. Use these resources to minimize your risk of falling victim to financial fraud.

When it comes to managing one-time settlements or disbursements of money, plan with a long-term horizon in mind. Keep your emotions in check. Resist impulse purchases. Take the time to get your finances in order and develop a financial plan. And evaluate investments and financial professionals carefully. Do your homework and don't be afraid to ask questions. After all, it's your money.

Additional information about how to manage your money is found on the FINRA and First Nations websites. In addition, the FINRA Foundation offers many fraud prevention tips and resources at [www.SaveAndInvest.org](http://www.SaveAndInvest.org).

## FINRA

FINRA, the Financial Industry Regulatory Authority, is an independent regulatory organization empowered by the federal government to ensure that America's 90 million investors are protected. Our independent regulation plays a critical role in America's financial system—at no cost to taxpayers. We register brokers and brokerage firms, write and enforce rules governing their activities, examine firms for compliance, and foster market transparency and educate investors. For more information, visit [www.finra.org](http://www.finra.org).

## First Nations

First Nations serves Native American communities throughout the United States. For 35 years, using a three-pronged strategy of educating grassroots practitioners, advocating for systemic change, and capitalizing Indian communities, First Nations has been working to restore Native American control and culturally-compatible stewardship of the assets they own – be they land, human potential, cultural heritage or natural resources – and to establish new assets for ensuring the long-term vitality of Native American communities. For more information visit [www.firstnations.org](http://www.firstnations.org).

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## Investor Resources

**FINRA Investor Information**—Investor Alerts, tools and much more to help you invest smarter and safer.

- Investor Alerts
- Saving for College
- Fund Analyzer
- Bond Investing
- 401(k) Investing
- Financial Calculators

Website: [www.finra.org/investor](http://www.finra.org/investor)  
Phone: (202) 728-6964

**FINRA Market Data**—Data on equities, options, mutual funds and a wide range of bonds, including real-time corporate bond prices and FINRA-Bloomberg Bond Indices.

Website: [www.finra.org/marketdata](http://www.finra.org/marketdata)

**FINRA BrokerCheck**—Check the background of a broker or brokerage firm.

Website: [www.finra.org/brokercheck](http://www.finra.org/brokercheck)  
Toll-free: (800) 289-9999

**FINRA Investor Complaint Center**—If you feel you've been treated unfairly.

FINRA Investor Complaint Center  
9509 Key West Avenue  
Rockville, MD 20850-3329

Website: [www.finra.org/complaint](http://www.finra.org/complaint)  
Fax: (866) 397-3290

**FINRA Dispute Resolution**—If you seek to recover damages.

FINRA Dispute Resolution  
One Liberty Plaza  
165 Broadway, 27th Floor  
New York, NY 10006

Website: [www.finra.org/ArbitrationMediation](http://www.finra.org/ArbitrationMediation)  
Phone: (212) 858-4400  
Fax: (212) 858-4429

## First Nations Development Institute

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