

Asset planning discussion post 5

Law



Asset Planning Investment Suitability Age is always an essential aspect when determining the investment decisions of the elderly clients. It is apparent that Rebecca is taking advantage of her mother's age to tamper with her investment decisions. For instance, Rebecca is plotting to change the investment advisor and portfolio without giving concrete reasons. In this scenario, the investment was not suitable because Joyce (the elderly woman) was unwilling and unable to understand the decisions that Rebecca was proposing (Stanley, 2014).

Another concern was that Rebecca did not understand the risks that would occur if the investment criteria were changed. Legally, she would be held liable for making decisions without involving her mother who is the genuine investor (Securities and Exchange Commission, 2003). As a result, a broker cannot proceed with the changes before getting permission from the original investor. It was evident that Joyce had no clue on the happenings and looked confused on the questions raised by the broker.

The first step a broker would take is to ensure that the original broker was consulted the proposed changes. This is to avoid impersonation and misrepresentation of material facts that would later jeopardize the agreement. Another viable step to take is to ignore the changes because of the investor's age factor that cannot allow for a long-term investment plan. Similarly, investment objective was another issue that directly affects suitability (Securities and Exchange Commission, 2003). Rebecca wanted venture-capital type investments contrary to Joyce's small-cap growth, which was against the agreement. In this regard, the lack of interest shown by Joyce was a clear manifestation that she was not privy to the proposals made by her daughter Rebecca. The investment advisor or broker should not make <https://assignbuster.com/asset-planning-discussion-post-5/>

any changes since it is illegal and can result in financial losses (Stanley, 2014).

References

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