

Trust must be *earned!*





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This guide is intended for anyone who is about to seek help in managing their affairs, be it:

- Handling investments or assets;
- Making account deposits or withdrawals at your financial institution;
- Paying bills or rent.

Before asking someone to manage your affairs, read this guide!

It contains advice for:

- Choosing a professional;
- Avoiding misunderstandings when you give a professional a mandate or power of attorney;
- Detecting fraud;
- Finding the help you need.



The information contained in this brochure is up-to-date as of May 2014. The Autorité des marchés financiers ("AMF") provides this document for information purposes. It does not offer any advice on the purchase or use of specific financial products or services.

Seek help from a qualified individual

Choose a professional who is a member of a recognized organization or professional order.

Here are some recognized organizations and professional orders:

- Autorité des marchés financiers
- Barreau du Québec
- Chambre des notaires du Québec
- Chambre de la sécurité financière
- Institut québécois de planification financière
- Ordre des administrateurs agréés du Québec
- Ordre des comptables professionnels agréés du Québec

The mission of these recognized organizations and professional orders is to protect the public, and they can provide the following, based on their mandate:

Supervised professionals who must adhere to specific rules of conduct, including a code of ethics aimed at protecting the public.

Competent professionals who have the necessary training to serve you and who keep their skills up-to-date through continuing education programs.

Recourse in the event of disputes, because members of a recognized organization or professional order carry professional liability insurance. What's more, in some cases, a compensation fund protects you against the adverse consequences of fraud, up to a certain limit.

Before entrusting the management of your affairs to someone, make sure this person belongs to a recognized organization or professional order. To do so, contact the AMF at **1-877-525-0337**.

When choosing a professional, be sure to ask the right questions!

It's normal to hesitate about asking certain questions.

"What's he going to think if I ask him questions... that I don't trust him?" or "She'll think I haven't got a clue about any of this..."

But you need to put these concerns aside.

Professionals are required to answer your questions, and this is the best way to help you choose a trustworthy individual. If the professional doesn't provide adequate answers or if you don't understand the answers, feel free to consult someone else.

List of questions to ask before entrusting a professional with the management of your affairs:

- Are you a member of a recognized organization or professional order? Which one?
- How long have you been in business?
- What products and services do you offer?
- How can you help me achieve my goals?
- How are you remunerated for your services (salary, commission or fees)?
- How often will we meet?
- How will you keep me up-to-date on the transactions done in my account?

The professional will also ask you questions before proposing any services.

He may ask about your needs, your situation, your objectives and your investor profile.

He is obliged to ensure the confidentiality of your personal information.

Precautions to take when giving a mandate to a professional

You've mandated a professional to manage some of your affairs? Here are some precautions to take to avoid any misunderstandings.

- Be sure to have a document signed by you and your professional confirming your agreement.
- This document should contain a clear description of the mandate you have given your professional.
- Agree in advance on the amount your professional will receive as remuneration and on the payment frequency.
- Ask to receive regular updates from your professional, such as once a month. What has he done on your behalf and who has he done business with?
- Ask someone you trust to review the agreement letter.



Note: Even if you give a professional the responsibility for managing your affairs, you should still monitor what this person does and ask for occasional reports.

Precautions to take when giving a power of attorney

A power of attorney is a type of mandate whereby you designate a person to represent you and to manage some of your affairs.

It is also a written document that proves you have designated this person to represent you.

Are you considering giving a power of attorney to a friend or family member?

Perhaps you've asked a friend or relative for help in carrying out certain transactions, such as:

- Account deposits or withdrawals at your financial institution;
- Paying your bills;
- Paying your rent.

A friend or family member, unlike a professional, will usually help you free of charge. But asking someone close to you to manage your affairs without a power of attorney that specifies this person's responsibilities can sometimes be a sensitive matter.

Monica lives in a retirement home for semi-autonomous individuals. She's finding it harder to move about and rarely leaves her home. Her daughter, Mary, has offered to manage her bank accounts and bills. Monica is pleased with this arrangement, as she trusts her daughter implicitly.

Recently, Monica has been feeling uncomfortable. She found out her daughter went on an expensive trip that she wouldn't be able to afford on her salary, and she hasn't been providing her mother with clear explanations about the deposits and withdrawals from her account. Monica is scared to ask her daughter for a full report. "She's going to think I don't trust her and she may cut ties with me!"

Monica could have prevented this situation through a power of attorney detailing the limits, frequency and reasons for withdrawals made by her daughter.

Peter's wife died recently and he's feeling overwhelmed because he suddenly has new responsibilities: bills, insurance policies, investment accounts...

His son Christian has offered to look after everything for him. "You won't have to worry about anything, Dad..." But his other son, Robert, disagrees. "Christian went bankrupt last year. Would you really trust him to handle your affairs? You should be giving that responsibility to me!"

Peter would be best off taking at least some responsibility for managing his affairs, even if he chose to give a power of attorney. For instance, he could deal with someone else he trusts or with a professional.

Who can draw up a power of attorney?

It's always best to have a power of attorney drawn up by a professional, for example, a lawyer or notary. However, you may decide to prepare one yourself.

In any case, to avoid any misunderstandings:

- Provide a clear description of the responsibilities you are giving to the person representing you. Be specific. For example, if it's a matter of paying your bills, indicate "my electricity and phone bills on the 15th of each month."
- Set limits. For example, "no withdrawals from my account may exceed \$100" or "no more than five withdrawals may be made each month."
- Ask someone else (someone you trust) to review the power of attorney and to advise you in the event of major transactions.
- Ask the person representing you to provide you with regular updates (e.g. monthly). What has this person done on your behalf? To whom have they presented the power of attorney?

For your own protection, avoid signing a general power of attorney covering all of your affairs. Take the time to provide a detailed description of the responsibilities you are giving the person representing you. Use the Sample Power of Attorney available on the AMF Website to help you.

If you're being pressured to sign a power of attorney, ask for advice! Seek help from a professional (lawyer, notary) or from someone you trust.

Canceling a power of attorney

You may cancel a power of attorney at any time, no matter what the reason.

To do so, you must:

- Inform, in writing, the person who represents you;
- Inform all persons or companies to whom the power of attorney has been presented;
- Retrieve the original copy of the power of attorney so that it may no longer be used.

Since some of these steps may be complicated, it's always best to set an expiry date for a power of attorney. If you need help, consult a professional (lawyer, notary).

Anticipating incapacity

If you're declared to be incapable, your power of attorney will no longer be valid. As such, you should, while still capable, assign a mandate in case of incapacity. This document should contain the elements from your power of attorney that you wish to maintain in the event of incapacity.

For more information on the mandate in case of incapacity, contact the *Chambre des notaires du Québec* or the *Barreau du Québec* or visit the *Curateur public du Québec's Website*.



Signature: _____

If you would like to change the content of a power of attorney or deal with another person, you must cancel the existing power of attorney and draw up a new one.

Precautions to take before investing

Are you about to invest?

Always beware of the signs of possible fraud.

Marie was recently widowed and received an inheritance of \$100,000. At her sports club, a good friend of hers introduced her to George, a well-liked and popular businessman. George suggested that Marie loan him some money to invest on her behalf, promising annual returns of 15%.

Marie felt confident with the suggestion because her friend had already made over \$5,000 in interest! So Marie signed a \$50,000 loan agreement with George. Was it too good to be true? Unfortunately, Marie will never see her money again...

Be extra vigilant if the person offering you an investment:

- Talks to you about guaranteed returns at higher rates than those offered at your financial institution;
- Asks you to keep the matter secret;
- Tries to make you feel guilty;
- Doesn't give you any written information;
- Pressures you to invest;
- Boasts about the extraordinary return he's obtained for your friends or group;
- Tells you an organization has "approved" the investment.

Note: Before investing, always check if the person offering the investment is authorized to do so by calling the AMF at **1-877-525-0337**.



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