

When it comes to investing there certainly is no shortage of investment and brokerage services to choose from. And since having lots of choices is good, here's a bit of great news; for those who have a military connection, it's likely you may have yet even one more option to choose from: The United Services Automobile Association, or USAA.

Headquartered in San Antonio Texas, USAA is a financial services company whose membership is comprised almost exclusively of people who have some sort of military connection, that being they either are serving in the military today or have served at some time in the past.

USAA started out offering insurance products and because of this they are sometimes thought of exclusively as an insurance company. However, the company is quite a bit more than that and over time expanded to offer banking and investment services as well. Since it's perhaps not as well known in the investment sector as other big name investment firms such as TD Ameritrade, Scottrade, and ETrade, some may have questions about the legitimacy and security of USAA. So let's dig in a little and take a closer look at USAA and its brokerage and investment services.

Is USAA brokerage a Legitimate and Safe Firm?

The short answer to this question is yes, USAA Investments is completely legitimate offering safe and secure investment and brokerage services. But before diving into the specifics, it might be helpful to first take a look at what USAA Investments is and is not.

USAA is a financial services company, started in the 1920s, and offers insurance, banking, investments, retirement, and financial planning. USAA is a Fortune 500 company, however it is not a corporation, it is a reciprocal inter-insurance exchange. While different than a corporation, it is still a legitimate legal entity that is subject to oversight and regulation.

The company has been operating for 93 years, has 26,000 employees worldwide, and has \$24 billion in revenue and \$130 billion in total assets.

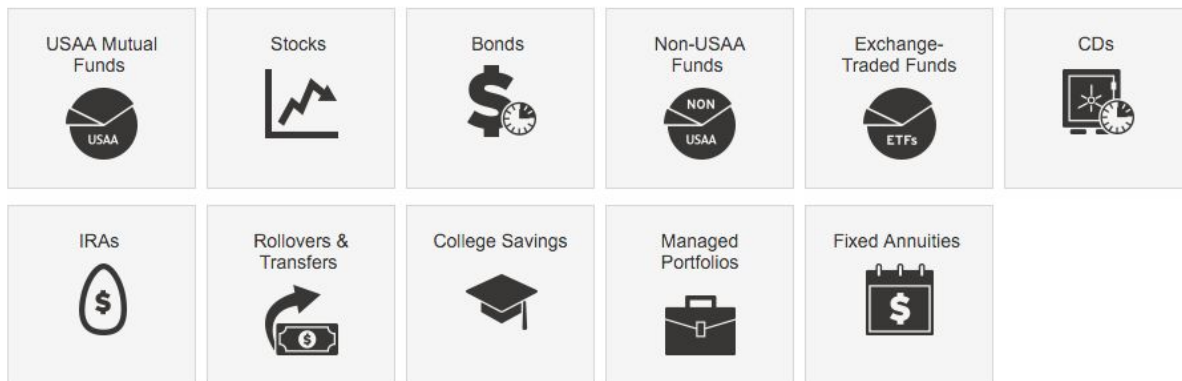
Is USAA brokerage a Scam?

It's important to understand that USAA is really a group of financial operating companies and includes the following:

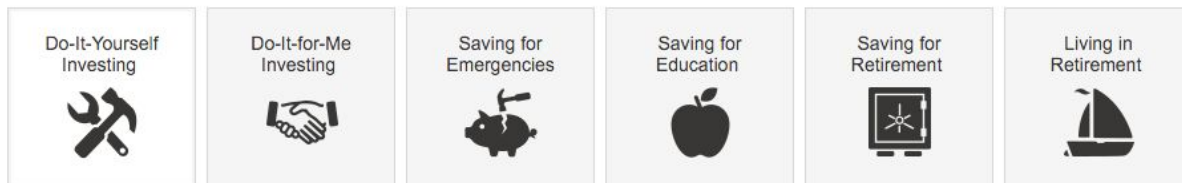
- Property and casualty Insurance
- Life insurance and annuities
- Investment company (including **brokerage services**)
- Investment services
- Banking
- Shopping (car rental, jewelry, travel, etc)

The investment and **brokerage** services that USAA offers today did not exist when USAA opened its doors in 1922; it wasn't until the 1970s that investment services were added to the mix. And perhaps not as well known as some of its competitors to the general public, USAA investment options are very comprehensive, offering a range of products for just about every stage of life. The range of products and services offered can be seen in the figure below, taken from the investment services section of the main USAA website:

I Know What I Want



I Need Help



As of 2014 USAA Investments had close to \$64 billion in mutual fund assets under management. Needless to say it would be quite a feat to be able to pull off this broad array of services at this level of operation and be a scam or somehow running its investment business illegally without catching the attention of regulators.

Even so, it's certainly worth confirming the legitimacy of the company before forking over hard earned cash. And besides pure regulation itself, there is one intangible aspect of the company to consider when determining the legitimacy of USAA and that is the core tenets upon which the company is founded and where it's leadership comes from.

Built Upon Military Values

At its very core, USAA is built upon the military values of honesty and integrity. Posted all over its website, embedded in its TV advertisements, and just about everywhere else the company can be found, USAA broadcasts the fact that it lives by military values, that it's built by the military, and that it serves the military. The board of directors itself is comprised of top echelon military members who have spent their lives in the service of the United States. Here is a brief list:

- Chairman of the Board: General Lester Lyles, 35 years U.S. Air Force
- Chairman, Marketing and Programs Committee: General John Abizaid, 34 years U.S. Army
- Chair, Risk Committee: Colonel Herman Bulls: 30 years U.S. Army
- Vice Chairman of the Board: Admiral Thomas Fargo: 35 years U.S. Navy
- Vice Chair, Marketing and Programs Committee: Major General Tracy Garrett: 36 years U.S. Marine Corps

Less than half the total members of the board of directors, just these 5 alone have a total combined 170 years of service time. Just this fact alone lends credibility to the business and while it's possible that the company is a scam and somehow is able to get away with it, it's not very likely. With the words honor and integrity chiseled into the face of USAA, it's hard to imagine the members of this board of directors not taking its words seriously.

Is USAA brokerage SIPC/FDIC Insured and FINRA Regulated?

The answer to this question is yes, yes and yes, but it depends on which company within USAA you are talking about.

The USAA investments company is covered under SIPC, but it is not FDIC insured. The banking arm of USAA is FDIC insured. This is addressed again directly on USAA's website as shown in the fine print image below:

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Investments/Insurance: Not FDIC Insured • Not Bank Issued, Guaranteed or Underwritten • May Lose Value

Tax-free earnings and withdrawals are for qualified educational expenses. Other withdrawals are subject to income tax and an additional 10% penalty on earnings. The availability of tax or other benefits may be contingent on meeting other requirements.

Interests in the USAA College Savings Plan (Plan) are municipal fund securities issued by the Nevada College Savings Trust Fund (Trust). The value of an investment in the Plan will vary with market conditions. The Plan is administered by the Board of Trustees of the College Savings Plans of Nevada (Board), which is chaired by the Nevada State Treasurer. USAA Investment Management Company provides investment management services to the portfolios, together with its affiliate, USAA Financial Advisors, Inc., and markets and provides related services with respect to the Plan. Ascensus Broker Dealer Services, Inc. serves as the Program Manager. Interests in the Plan are not guaranteed by the Trust, the Plan, the State of Nevada, the Board or any other governmental entities, or any USAA or Ascensus entities and you could lose money.

Upromise is an optional service offered by Upromise, Inc. and is a separate service from the USAA College Savings Plan — specific terms and conditions apply. Participating companies, contribution levels, terms and conditions subject to change without notice. Transfers to your USAA College Savings Plan account are subject to the minimum subsequent contribution amount of \$50. Upromise and the Upromise Logo are registered trademarks of Upromise, Inc. © 2001-2014. All rights reserved.

Accounts are introduced and brokerage services provided by USAA Financial Advisors, Inc. (FAI) and USAA Investment Management Company (IMCO), both registered broker-dealers, Members [Securities Investor Protection Corporation \(SIPC\)](#). Clearing, custody and other services provided by National Financial Services LLC (NFS), Member NYSE, [SIPC](#).

Investments provided by USAA Investment Management Company and USAA Financial Advisors Inc., both registered broker dealers.

USAA Managed Portfolios – UMP® (UMP) is an advisory service of USAA Investment Management Company (IMCO), a registered investment adviser, that is offered through its affiliate, USAA Financial Advisors, Inc. (FAI). Brokerage accounts are introduced and brokerage services provided by FAI and IMCO, both registered broker-dealers and Member SIPC. Clearing, custody and other services provided by National Financial Services LLC (NFS), Member NYSE and [SIPC](#). A full description of the UMP program, including the investments, risks and applicable fees, is provided in the [UMP Brochure](#). Information about UMP is also available by calling 1-800-531-1345.

Indexes are unmanaged and you cannot invest directly in an index.


The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.





Asset allocation does not protect against a loss or guarantee that an investor's goal will be met.


In addition to investing in foreign and emerging markets, asset allocation funds may be invested in: (1) exchange-traded funds; (2) futures, options and other derivatives; (3) non-investment grade securities; (4) precious metals and minerals companies; (5) real estate investment trusts; and (6) money market instruments.



Paragraph 5 in the fine print above indicates USAA investments company is managed and run both by the USAA Financial Advisor (FAI), and the USAA Investment Management Company (IMCO). With a quick search, both of these can be found directly on the SIPC website.

SECURITIES INVESTOR PROTECTION CORPORATION


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A short introduction

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List of Members

As of Monday, March 28, 2016



Search

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Address information is provided as a convenience and often reflects the member's business mailing address and not necessarily the retail office or location.

538 member(s) matching search:

USAA FINANCIAL ADVISORS INC SAN ANTONIO, TX	WELLS FARGO ADVISORS LLC ST LOUIS, MO	BFT FINANCIAL GROUP LLC BEDFORD, TX
USAA INVESTMENT MANAGEMENT COMPANY	RIPPE & KINGSTON CAPITAL ADVISORS INC CINCINNATI, OH	FELDSTEIN FINANCIAL GROUP LLC CHESTER, NJ

Likewise in the fine print (not shown here) it reads that USAA Federal Savings Bank is a member of the FDIC. This also can be found directly on the FDIC website.

FDIC Federal Deposit Insurance Corporation
Each depositor insured to at least \$250,000 per insured bank

FDIC.gov > Industry Analysis > Bank Data & Statistics > Banks > BankFind > Bank Information

[Return to BankFind Results](#)

Bank Information

USAA Federal Savings Bank - **Active** (FDIC # 32188) Insured Since December 30, 1983
Data as of: **March 23, 2016**

USAA Federal Savings Bank is an active bank

FDIC Certificate#:	32188	Established:	December 30, 1983	Corporate Website:	http://www.usaa.com
Headquarters:	10750 Modermott Freeway San Antonio, TX 78288 Bexar County	Insured:	December 30, 1983	Consumer Assistance:	http://www.helpwithmybank.gov
Locations:	1 domestic in 1 states, 0 in territories, and 0 in foreign locations	Bank Charter Class:	Savings Association	Contact the FDIC about:	USAA Federal Savings Bank
		Regulated By:	Office of the Comptroller of the Currency		

And finally, USAA investments and brokerage services is FINRA regulated. Straight from the FINRA website here is a breakdown of their details:

- USAA FAI: CRD# 129035 / SEC# 8-66197, 0 disclosures listed
- USAA IMCO: CRD# 5475 / SEC# 8-41241, 5 disclosures listed

USAA Brokerage BBB Rating and Complaints

USAA the parent company is listed under the Better Business Bureau, however information specific to its investment and brokerage services is not comprehensive. When searching the BBB website for either USAA FAI or IMCO, only IMCO shows up and even this company, if it is in fact USAA IMCO, is listed as possibly no longer in business, which is clearly not accurate.

BBB Business Review

Overview

Complaints

Customer Reviews

THIS BUSINESS IS NOT BBB ACCREDITED.

U S A A Investment Management Co

Phone: (253) 924-8874

33325 8th Ave S, Federal Way, WA 98003

**! U S A A INVESTMENT MANAGEMENT CO IS
BELIEVED TO BE OUT OF BUSINESS !**



On a scale of A+ to F

Reason for Rating

[BBB Ratings System Overview](#)



Share



Print

USAA the parent company is not listed as BBB accredited but it does have a rating of A+. It's complaint listing is modest at 1164 closed in the last 3 years, 844 of which were closed in the last 12 months.

Final Word

USAA brokerage and investment services is a legitimate company and represents a solid option for investors. With over 90 years in business and billions of assets under management, investors can rest assured that the company operates as a principled financial services business, has appropriate oversight and regulation in place, and strong leadership and values at its core.