

# WISER Nurse

A NEWSLETTER FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT  
and the CENTER FOR AMERICAN NURSES

## NURSES' INVESTOR EDUCATION PROJECT

8515 Georgia Avenue, Suite 400  
Silver Spring, MD 20910  
800.685.4076



## Protecting Your Mother from Financial Fraud and Abuse

“...no matter your age, finances or social status, none of us are beyond potential abuse or neglect, and any one of us, at any time, could become incapacitated and in need of assistance.”

—Senator Gordon Smith, U.S. Senate Special Committee on Aging Hearing on Exploitation of Seniors, September 7, 2006.

*Several months ago, Marion, age 90, received a call that ended up costing her thousands of dollars. The young man on the phone informed her that she had won a million dollars in a special sweepstakes; all she needed to do was give him a \$15,000 “distribution fee” and the money would be hers. He told her she could do that by giving him her checking account information. Over time and after several manipulative calls, this scammer received, in cash and in credit, over \$20,000 of Marion’s money before her family realized something was going on.*

*Marion’s daughter, Ann, finally caught on to the scam when she noticed that her mother did not have money for food, despite the fact that her mother’s monthly income had always exceeded her expenses. The loss would have been much higher had Ann not tracked down the companies on the Internet that had cashed the checks in several states. She was able to recover about \$4,500 and stop additional leakage. Unfortunately, there was no help from the local police or the bank. The bank would not even report it as a crime because Marion had freely given out the information; business as usual was their attitude.*

### What is Elder Financial Abuse?<sup>1</sup>

Elder financial abuse is the misuse of an older person’s property or financial resources without their consent or understanding. It is a crime that affects hundreds of thousands of elderly persons each year.

**Elder financial abuse is one of the fastest growing forms of elder abuse**, and it costs older Americans more than \$2.6 billion per year.<sup>2</sup> As the holders of the largest percentage of wealth, and with access to equity reserves in family homes, the elderly are prime targets of a growing number of unethical professionals. Financial exploiters, using fear tactics, take advantage of elders by selling them financial products that are often inappropriate for their needs, or they engage them in other predatory lending practices.

The consequences of this type of abuse are particularly dire for older women. Being swindled out of your life savings is devastating and, indeed, life-threatening if you are an 80-year-old woman already stretching to make ends meet with only Social Security benefits and a small savings account. Not only have you lost what you have saved, but you will probably face two additional problems common to abuse victims—stress and serious health care concerns.

Because older women are identified as easy marks, they are targeted by the unscrupulous. According to the National Adult Protective Services Association (NAPSA) the “typical” victim of elder financial abuse is between the ages of 70 and 89, white, female, frail and cognitively impaired. She is trusting of others and may be lonely or isolated.

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### Types of Financial Exploitation

Financial abuse can cover a broad range of activities, from misusing credit and debit cards to stealing from joint bank accounts or writing checks without authorization. Financial abuse can escalate from theft of pension or benefit checks to identity theft. It can involve pressure or threats that make the abused person transfer or give away money or possessions. It can also be unscrupulous financial salespeople whose only goal is to sell inappropriate products such as trusts, long-term care insurance, reverse mortgages, and annuities that individual buyers do not understand or may not need.<sup>3</sup>

### Who Commits this abuse?

What is particularly distressing is that the abuser can be anyone—a complete stranger, a caregiver, a financial advisor or lawyer, a friend, or even a close family member. Elder related crimes are difficult to prevent and prosecute as many elders may not know they have been victimized or they are ashamed or afraid of retribution.

Financial abusers can cost your mother not only her life savings and her health, but also her peace of mind. What follows can help you be on the lookout and help your mother identify and avoid financial frauds and scams.

### How Can I Tell If My Mother is Being Financially Abused?

Today, financial abuse can be conducted in numerous ways, including over the phone, in person, at senior centers, and over the Internet. Additionally, because financial abuse does not involve any physical abuse, you have to look for different warning signs.

### Nine Warning Signs to Watch Out For:

1. Taking a large amount out of the bank or other cash accounts.
2. Making numerous withdrawals of smaller amounts — say, \$100 at a time.
3. Writing a large check to someone you do not know.
4. Changing her power of attorney or the beneficiaries on her insurance or investment accounts.
5. Bounced checks or her bills going unpaid when there should be enough money in her account to cover what she needs.
6. Making unusual or unnecessary purchases—golf clubs or jewelry.
7. Agreeing to make unnecessary home repairs—new siding put on the house or the driveway repaved?
8. Becoming too close with a much younger person or an inappropriate person.
9. Her caregiver is too interested in her finances.

**Warning signs of a predatory loan** include high pressure or misleading sales efforts; excessive fees and interest rates; excessive origination fees; large prepayment penalties that trap borrowers in an unaffordable loan; balloon payments that are impossible to repay and result in foreclosure; and loan flipping in which a loan is refinanced 2 or 3 times a year, adding new fees so the balance keeps rising.

Predatory lenders target neighborhoods through direct mail, signs in the neighborhood, telephone and door-to-door solicitations and flyers. Sometimes they use local home improvement companies to solicit business and either originate the loan or steer the customer to the predatory lender. The home improvements are often overpriced and poorly done.

**Warning signs of scams** include fast-talking telemarketers that pressure individuals to sign up for services, give personal information over the phone, or promise gifts if she signs up right away for product or services.

"**Pigeon Drop**" scams occur when a con artist claims to be willing to split found money with a person if she will make a "good faith" payment by withdrawing funds from her bank account.

"**The Fake Accident Ploy**" gets the elderly person to withdraw money on the pretext that the elder's child or another relative is in the hospital and needs the money.

“**The Senior Seminar.**” Some of the worst examples of elder financial abuse can begin at senior seminars. Predators are aware that older people are eager for financial advice and purveyors of financial abuse have historically reached their target market through senior centers and other venues where seniors gather.

These predators will often cast themselves as experts in their field and as trusted advisors, and then misrepresent what they are selling. It is also common for predators to identify themselves with misleading organization names that imply they are advocates or protectors of senior rights.<sup>4</sup>

### Scam artists are taking advantage of the President’s stimulus plan.

A scammer will call an unsuspecting older person and inform them that they have a stimulus check coming from the government. “If you give me your Social Security number, I will have that stimulus money in your hands by tomorrow. You won’t have to wait.”

Nearly 55 million Social Security and SSI beneficiaries will receive a one-time payment of \$250 each. However, **only the Social Security Administration will be sending those stimulus payments.** The payment will be delivered the same way as the individual’s regular Social Security or SSI benefit. If the regular benefit is delivered by check, SSA will deliver the one-time payment by check. If the regular benefit is received as a monthly direct deposit or Direct Express® debit card payment, that is how the one-time stimulus payment will be delivered.

### How Can I Protect My Mother from Financial Abuse?

**If it sounds too good to be true—it probably is.** The best protection against scam artists is for your mother to avoid acting immediately, thoroughly check out the businesses or individuals involved, ask lots of questions and read carefully before she signs. When in doubt, tell her to trust her instincts and don’t risk doing business with a group or individual she doesn’t feel confident in.

### Remind your mother never to give personal or financial information over the phone, particularly bank or credit card numbers and Social Security and Medicare information.

### Has your mother received a lump-sum payout from former employment or an insurance payment from a deceased relative?<sup>5</sup>

This lump-sum payout may make her a target for scams. Here are some things you and she can do to prevent scammers from taking her lump-sum money.

- **Take an honest look at her financial situation and make a plan.** Now’s the time for her to sit down with you or another trusted family member or financial planner. A lump-sum payout may give her the opportunity to live a more comfortable retirement, help her grandchildren through college or reach another goal. But, she needs to make a plan to protect her income.
- **Be particularly wary if someone approaches you to invest her lump-sum payout.** You and your mother may decide to use a financial planner. However, before any portion of the lump-sum payment is handed over, make sure the financial professional is licensed, and always check to see if the financial professional or his or her firm has had run-ins with regulators or other investors.<sup>6</sup>
- **Ask questions and don’t be intimidated.** Often, investors could have avoided trouble and losses if they had asked basic questions from the start. Beginner or experienced investor—you need to ask questions. Remind your mother that it’s her money at stake. The *Ask Questions* brochure on the Securities and Exchange Commission (SEC) website provides some questions to ask about investment products, the people who sell those products, and the people who provide investment advice. It also contains some tips on how to monitor your investments and handle any problems (available at: <http://www.sec.gov/investor/pubs/askquestions.htm>).

### Be suspicious of urgent demands from anyone.

Tell your mother to close the door, hang up the phone or shut down that website if someone tells her:

- “You must decide right now.”
- “Just sign here.”
- “All you have to do is give me your credit card number to confirm.”
- “Give me your Social Security number and we will correct the error.”
- “You will regret it if you don’t accept this offer right now.”
- “Give me the cash up-front.”

### Always take time to consult with a trusted adviser before you act or engage services.

- Don’t let a person you don’t know into your home.
- Don’t have work done on your home without getting estimates from at least three reputable contractors.
- Do a reference and credential check before you hire a financial planner or advisor.
- If you think you are the victim of financial abuse, **tell someone you trust**. It doesn’t have to be someone from your family; it could be someone at your bank or your local Agency on Aging.

### Help Your Mother Practice Fraud Prevention Techniques

- Use direct deposit for benefit checks such as Social Security. (That will prevent checks from being stolen from the mailbox.)
- Shred all unused credit card applications, and
- Don’t leave mail in your mailbox for the carrier to pick up. (This is an invitation to have your bank and credit card numbers stolen.)
- Pay by check. (A check is always safer because the payment can be traced.)
- Never turn cash over to anyone.
- Review your credit card and bank statements every month.

- Have the bank send copies of your statements to a trusted adult child or financial manager. (Two set of eyes are better than one.)

### Help Your Mother Get Her Financial House In Order

It’s much easier for the unscrupulous to conduct financial fraud and much harder for the caregiver to detect it if a person’s finances are not in good order and their wishes are not clearly stated. Ask her if she needs help to organize and maintain files.

Keep up-to-date copies of the following: bank account numbers; safe deposit information; mutual fund statements; pension/retirement savings documents; insurance beneficiary information with copies of all insurance policies such as health, homeowner’s and automobile. Include tax returns, birth, marriage, and death certificates as well as wills and trusts. Advance directives include: power of attorney for finances, a health care proxy or health care power of attorney, and a living will.

### Conclusion

As we age, our brains change, which can influence the way we think about investing— think of the numbers of elderly who head for Las Vegas and the slot machines. According to neuroeconomics researcher Jason Zweig, “As you grow older, your brain gets more impulsive; in some ways, becoming a senior citizen is like becoming a teenager again.” Investors in their 60s and beyond are much less stressed by the bear market than their younger cohorts. However, economist David Laibson has found that people over 65 are twice as likely as those in their late 30s to fall for a “teaser” rate on a credit card. What this means is that our mothers may be better equipped to withstand the stress of these difficult economic times, but we need to protect them from financial fraud and abuse by putting up defenses.<sup>7</sup>

Clearly much needs to be done to protect seniors from financial abuse, but family members, friends and advocates can provide a front line of defense.

## Resources

**WISER, the Women's Institute for a Secure Retirement** has easy-to-read and easy-to-use information on financial abuse at [www.wiserwomen.org](http://www.wiserwomen.org). WISER operates and houses the **National Education and Resource Center on Women and Retirement Planning**, a "one-stop" gateway for retirement planning in cooperation with the Administration on Aging. The Center's goal is to assist the Aging Network in educating women of all ages about planning for their future financial, health and long-term care needs.

**The Financial Industry Regulatory Authority (FINRA)** has information on scams and an easy-to-use *Scam Meter* that will help a person determine whether a potential investment is a scam. It is available at: <http://apps.finra.org/meters/1/scammeter.aspx>.

**The MetLife Mature Market Institute, the National Committee for Elder Abuse and the Center for Gerontology at Virginia Polytechnic Institute and University** together have written *Issues to Consider and Steps to Take to Protect Yourself from Becoming a Victim*, specifically for older adults. It is available at: [www.MatureMarketInstitute.com](http://www.MatureMarketInstitute.com).

**The National Adult Protective Services Association (NAPSA)** provides state Adult Protective Services (APS) program administrators and staff with a forum for sharing information, solving problems, and improving the quality of services for victims of elder and vulnerable adult abuse. NAPSA conducts annual national training events, research and innovation in the field of Adult Protective Services and publishes a twice-yearly newsletter written for and by APS members that highlights innovative practices and APS activities throughout the nation. Their website is: <http://www.apsnetwork.org/>.

**The National Center on Elder Abuse directed by the U.S. Administration on Aging** is committed to helping national, state, and local partners in the field be fully prepared to ensure that older Americans will live with dignity, integrity, independence, and without abuse, neglect and exploitation. The NCEA is a resource for policy makers, social service and health care practitioners, the justice system, researchers,

advocates, and families. Its site is [http://www.ncea.aoa.gov/NCEARoot/Main\\_Site/index.aspx](http://www.ncea.aoa.gov/NCEARoot/Main_Site/index.aspx).

**The National Consumer's League** has a broad base of information on various types of fraud available at <http://www.fraud.org/>. To find their tips about avoiding telemarketing fraud, go to <http://www.fraud.org/tips/telemarketing>.

**The Securities and Exchange Commission For Seniors** website covers a wide range of information on financial scams and investing wisely. It is available at <http://www.sec.gov/investor/seniors.shtml>.

## Endnotes

- 1 Unless otherwise noted, the information in this article is based on work from the Women's Institute for Secure Retirement (WISER). Available at WISER's website: [www.wiserwomen.org](http://www.wiserwomen.org).
- 2 MetLife Mature Market Institute (MMI), 2009. *Broken Trust: Elders, Family and Finances*. Downloadable from: [www.maturemarketinstitute.com](http://www.maturemarketinstitute.com).
- 3 According to CEASE, there are more than 15,000 different types of financial annuity products available. CEASE is the national Coalition to End Elder Financial Abuse. It is comprised of California Advocates for Nursing Home Reform (CANHR), the National Adult Protective Services Association (NAPSA), and the Women's Institute for a Secure Retirement (WISER).
- 4 Information about "senior seminars" was excerpted from CEASE testimony submitted to the Senate Special Committee on Aging, August 31, 2007.
- 5 The section on lump-sum payouts is based on information and suggestions from the SEC. Available at: [www.sec.gov/investor/pubs/lump\\_sum\\_payouts.htm](http://www.sec.gov/investor/pubs/lump_sum_payouts.htm).
- 6 Two options for more information on how to find a financial planner: Check FINRA's *Selecting Your Investment Professional* at <http://apps.finra.org/DataDirectory/1/prodesignations.aspx> and the National Association of Personal Financial Advisors at <http://www.napfa.org/>.
- 7 Excerpted from "Inside the Mind of the Older Investor" in *The Intelligent Investor* October, 2007, by Jason Zweig. Available at: <http://www.jasonzweig.com/uploads/11.07Aging.pdf>.

# About the Nurses' Investor Education Project

## *Opportunities, Challenges, and Moving Forward*

The Center for American Nurses and the Women's Institute for a Secure Retirement (WISER) have formed a retirement project partnership called the Nurses' Investor Education Project. It is a three-year project funded by a grant from the FINRA Investor Education Foundation.

## *The Nurses' Investor Education Project Goals:*

- 1) Understanding nurses' financial knowledge with a special focus on their understanding of and preferences for investment education;
- 2) Changing nurses' investment behavior and planning; and
- 3) Creating investor education materials, activities, and a training program that will provide benefits beyond the conclusion of the project.

The Center for American Nurses, established in 2003, is a District of Columbia non-profit corporation.

## NURSES' INVESTOR EDUCATION PROJECT

It offers tools, services, and strategies designed to make nurses their own best advocates in their practice environments. Through research, continuing education, and knowledge sharing among today's nursing community, the Center serves more than 44,000 nurses seeking to overcome workforce

challenges and realize opportunities.

The Women's Institute for a Secure Retirement (WISER), launched in 1996, is the only non-profit organization dedicated exclusively to providing education to improve the long-term financial quality of life for women. WISER is funded by both public and private grants, including eight years of grant funding from the U.S. Administration on Aging to develop financial education for minority and low-income women.

## WISERNurse

A NEWSLETTER FROM THE  
WOMEN'S INSTITUTE FOR A SECURE RETIREMENT  
AND THE  
CENTER FOR AMERICAN NURSES

1146 19th Street, NW  
Suite 700  
Washington, DC 20036

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