

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



Sweetheart or Sweetheart Scam?

What you should know about financial abuse and elder scams.

Authorities in New York arrested a woman last year for theft of hundreds of thousands of dollars from an 85-year-old man, in what experts refer to as a “sweetheart scam.” In this case, the woman befriended an older man telling him hard luck stories, including that she had cancer, to persuade him to give her money. She eventually talked him into giving her his “power of attorney” and used it to obtain a home equity loan. She stole the equity loan money.

Financial abuse and scams are serious concerns. They deprive seniors of their hard-earned assets and retirement savings. Making matters worse, seniors, with limited incomes and earning potential, are rarely able to recover financially.

Everyone is subject to scams and con games. But because older people are identified as easy marks, they are frequently targeted by the unscrupulous. Many times, the perpetrators are

strangers preying upon older individuals who may be lonely, isolated, confused or desperate for cash or attention. There are also many instances of financial abuse

people may feel a sense of obligation to help family members, or might succumb out of fear of the person whom they rely on for care. Experts say this kind of financial abuse by friends and family members often goes unreported.

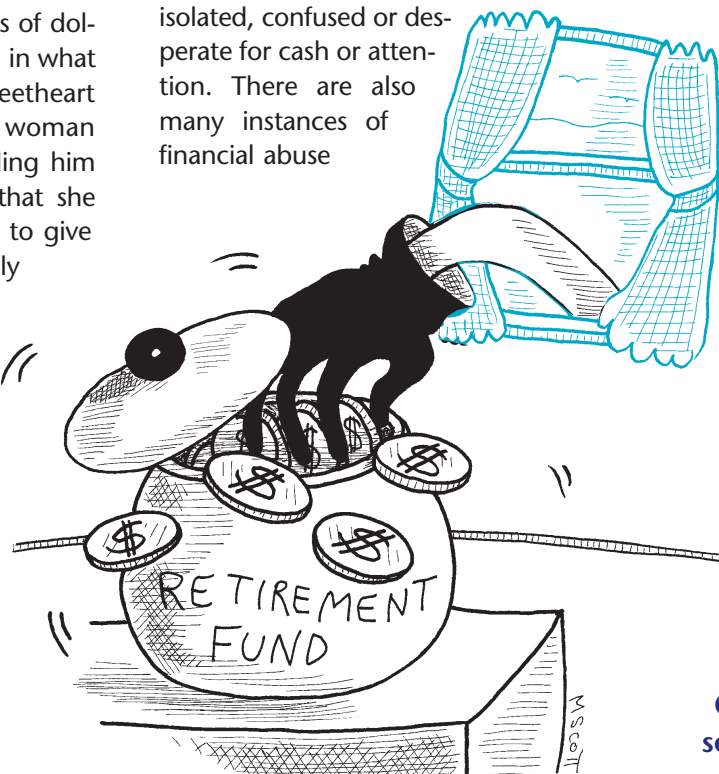
It is important to alert older people of potential fraud and scams that may threaten their financial security. And, it is important for you to be on the lookout, not only to protect assets, but also to help you identify possible scams against family members and friends.

Here are a few of the more common scam scenarios:

Obtaining money or possessions by threat or deceit

The perpetrators misuse credit or debit cards, or joint bank accounts; cash checks without authorization, including loan checks from credit card

Scams continued on page 2



where the perpetrators are family members. Sometimes, the victim is pressured into giving money or assets to a family member or friend claiming to need financial assistance. Older

From WISER's President and CAN's Executive Director

The nursing profession is aging rapidly. A survey by the Center for American Nurses found that almost 60 percent of nurses ages 45 to 60 had done "nothing" to prepare for retirement. Nevertheless, financial security and literacy issues rank at the top of the list of challenges facing the nursing workforce.

Nurses need and want a better understanding of the financial decisions they are making, why they are making them, and the consequences of inaction. Inadequate attention to financial security and wealth building issues may also discourage younger nurses from remaining in the profession at a time when building the workforce is of critical national importance.

Over their careers, nurses have the opportunity to work in a variety of professional settings, including hospitals, clinics, physicians' offices, and private duty care. The ability to move from job to job easily can be an advantage, but it can also make it difficult for nurses to participate in employer-provided retirement plans, to gather information, to make good retirement decisions. We hope this project will help us all to learn how to make better financial plans.

WISER President, Cindy Hounsell



CAN Executive Director, Wylecia Wiggs Harris



Scams

continued from page 1

companies; steal benefit or pension checks; or pressure the older person to transfer assets to them. Sometimes a friend or relative with access to the victim's home, bank accounts and mail is stealing from the older person.

Scams and Frauds

Telemarketing Scams: Fast talking telemarketing con artists often promise gifts if you sign up right away for products or services. It's important to investigate offers for goods or services made over the phone, and to avoid impulsive purchases. Do not deal with companies that pressure you with an offer that will expire, or must be agreed upon immediately. Legitimate companies do not conduct business this way. Never agree to buy anything over the telephone and never give



your credit card, banking or important personal information over the phone in response to unsolicited calls. Ask to see something in writing first and then investigate carefully. If something sounds too good to be true, it likely is.

Pressure Tactics

Con artists are highly skilled at pressure tactics to get you to agree to things, even when your gut is telling you "no." Make a sign for an elderly parent or friend to keep by the phone saying "no" to a persistent caller or person at the door. If they are persistent, advise them to hang up. If there is a firm plan in advance for dealing with telemarketers and door-to-door salespeople, the elderly person will be more likely to be able to resist a bad deal.

Jury Scam

Another example of phone fraud is a call about jury duty saying you missed your appearance and asking for your Social Security number in order to confirm your information.

Computer Scams

Never give out credit card or banking information unless you have initiated the transaction and you are sure that the company is reputable.

A recent example of "phishing" is emails that appear to be from the IRS about a tax refund. Many consumers have been duped by clicking on the links and giving away personal information to identity thieves.

Scams continued on page 4

Other common frauds:

Financial Planning and Advice Fraud

Many people feel more comfortable using a financial planner or advisor to help them with their investments and long-term financial plans. Unfortunately, there are some dishonest people with no real financial expertise who use sham titles to mislead potential investors. Older people are often targeted because they may have a lump sum of money available from their retirement accounts, such as their IRAs or 401(k)s. Invited to a free lunch, dinner and seminar, these people are sold financial products not at all suited to their needs.

Do not deal with companies that pressure you with an offer that will expire, or must be agreed upon immediately.

Mother Won a Million Dollars? Not so fast!

In early 2005, Bertha M., age 90, received a call that would cost her thousands. Bertha's con artist told her she had won a million dollars in a *Reader's Digest* sweepstakes; she only needed to pay the caller a \$15,000 distribution fee, and he'd get the money to her. For this, the caller would need her checking account information, which she gave him. Eventually, over the course of six months and many manipulative calls, this scammer received—in cash and credit—over \$20,000 of Bertha's money before her family realized something was wrong.

The tip-off came when Bertha's daughter, Carolyn, noticed that her mother had no money for food, despite the fact that her monthly income had previously exceeded her expenses. It would have been much more than \$20,000 if Carolyn had not tracked down the companies on the Internet who had cashed the checks in several states. By doing so, she was able to recover \$4,500 and prevent the leakage from continuing. However, there was no help from the local Ohio police or the bank, and the bank would not even report it as a crime because Bertha had given out the information freely; business as usual was their attitude. Don't let this happen to your mother. Carolyn responded quickly by getting caller-ID and placing a list of legitimate contact numbers near Bertha's phone.

Be sure the person selling you a financial product or advice on how to invest your money is someone with credentials, someone you know and trust. For more information on financial advisors or purchasing financial products, go to WISER's Web site: www.wiserwomen.org.

Home Renovation and Home Equity Loan Scams

Often, unprincipled individuals or companies will seek business by going door-to-door selling home improvement services. These contractors often demand large payments up-front, perform shoddy work or do not complete promised work.

Often, the home improvement scam is packaged with an expensive sub-prime home equity loan.

Cash-strapped seniors are pressured into signing loan documents in a hurry—loans with high interest rates, and pages of fine print that include hidden charges. The loans are designed to fail and give the lender the equity in a person's home.

For more information

See the Federal Trade Commission's Bureau of Consumer Protection free report: *Read Up! How to be an Informed Consumer* available on the agency's Web site at www.ftc.gov/bcp.

See also the National Committee for the Prevention of Elder Abuse Web site at www.preventelderabuse.org. Click on "What is Elder Abuse?" and then on "Financial abuse."



A Checklist to Help You Protect Those You Care About from Financial Abuse

How can I tell if someone is being financially abused? Because financial abuse does not involve any physical abuse, you have to look for different signs and signals.

What to look for:

- A large amount out of their bank or other cash accounts.
- Numerous withdrawals of smaller amounts—say, \$100 at a time.
- A large check written to someone you do not know.
- Changing power of attorney or the beneficiaries on insurance or investment accounts.
- Bouncing checks or bills going unpaid when there should be enough money in the account.
- Unusual or unnecessary purchases—buying new golf clubs or a diamond bracelet.
- Unnecessary home repairs—having new siding put on the house or the driveway repaved.
- Becoming close with a much younger person or *inappropriate* person.
- A caregiver who becomes overly interested in the finances.

For more help

The Eldercare Locator is a public service of the U.S. Administration on Aging. The Eldercare Locator links those who need assistance with state and local area agencies on aging and community-based organizations that serve older adults and their caregivers. Speak to an Eldercare Locator information specialist by calling toll-free at 800-677-1116 weekdays, 9:00 a.m. to 8:00 p.m. (ET). Spanish-speaking information specialists are available.

Don't let the paperwork get you

- Shred all unused credit card applications.
- 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.)
- Review your credit card and bank statements every month.

Reduce the risk! Post this checklist near the door:

- 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.
- Don't** give out your Social Security, credit card or bank account numbers over the phone.
- Have the bank send copies of your statements to a trusted adult child or financial manager. (Two sets of eyes are better than one.)

3 Steps to Take for Victims of Telemarketing Fraud

- 1** Call your local bank representative immediately and report suspicious activity. Cancel any credit cards linked to the account and reset your personal identification number.
- 2** For legal services, contact your local Eldercare office and notify them of the problem. Offices can be found by calling toll-free 1-800-677-1116 weekdays, 9:00 a.m. to 8:00 p.m.
- 3** Sign up for the National "Do Not Call" Registry by going to www.donotcall.gov to prevent telemarketers from calling you. Remember, charities, political organizations and surveys are excluded from the "Do Not Call List".

Help educate others about telemarketing fraud. Share your experience and help prevent others from becoming victims.

10 Tips to Avoid Being Taken In From the FINRA Investor Education Foundation

Don't let the promise of easy money lure you into an early retirement you weren't otherwise considering. Before you quit your day job (or night job) and invest your retirement savings, follow these tips:

Be skeptical of “free lunch” seminars. Even if those events take place at or near the workplace, don't assume that your employer is behind the event.

Be wary of early retirement pitches based on little-known loopholes. While IRS Section 72(t) is a “little-known loophole” that allows you to access your retirement funds early, there's a lot more to a successful early retirement than avoiding a 10 percent tax penalty.

Determine your willingness to live with an unpredictable amount of retirement funds. Think hard before trading the relative certainty of a company pension—which may offer steady and predictable payments for as long as you live—for the uncertainty of investments whose value fluctuates.

Know your current plan. Many employers allow former employees to leave their 401(k) assets in the company's plan. Before moving your assets, take time to understand your current plan. You may find that staying put is a sound and less costly option.

Understand the tax bite. Before quitting and cashing in a 401(k), do a little math. Remember that even if you avoid the 10 percent early withdrawal tax penalty, you won't be able to spend every penny. Instead, you will have to pay ordinary income taxes on your withdrawals. Be sure to ask a tax professional about any other potential tax consequences of your decision.

Figure out the unintended consequences of early retirement. You may also wish to con-

sult an attorney about any other unintended consequences, especially if you are in debt or owe child support or alimony. Depending on the laws in your state, cashing out of your retirement plan may mean that your creditors can collect against that payment you receive—even if you're rolling the assets to a traditional IRA.

Understand the difference between classes of mutual fund shares. Keep in mind that Class A mutual fund shares may be the best choice if the investment amount is large enough to qualify for a discount on front-end sales loads that may be offered for larger mutual fund investments and usually starts at \$50,000, but sometimes can be as low as \$25,000. Use FINRA's **Mutual Fund Expense Analyzer** to compare and calculate mutual fund expenses.

Consider the costs associated with variable annuities. Be aware that most variable annuities have sales charges, including asset-based sales charges or surrender charges. In addition, variable annuities may impose a variety of fees and expenses when you invest in them, including mortality and expense fees, administrative costs, and investment advisory fees.

Check the speaker's credentials. Find out whether the person offering you investments is registered with FINRA, which regulates brokers. Use **FINRA BrokerCheck** or call the FINRA Hotline at (800) 289-9999. If he or she is registered, be sure to check out any red flags raised by employment or disciplinary history. To check out an investment advisor, contact your **state securities regulator** or call (202) 737-0900.

Get a second opinion. Before committing to an early retirement strategy, consult with a financial professional of your choosing before taking the advice of someone who “found you.”

www.finra.org

Did You Know?

In his book, *Stealing Your Life: The Ultimate Identity Theft Prevention Plan*, Frank Abagnale—former check forger turned FBI consultant and author of the memoir, *Catch Me If You Can*—explains how to protect yourself—and your money—from thieves in the Internet Age.

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

First Class
POSTAGE