

Sweetheart or Sweetheart Scam?

What you should know about financial abuse and elder scams.

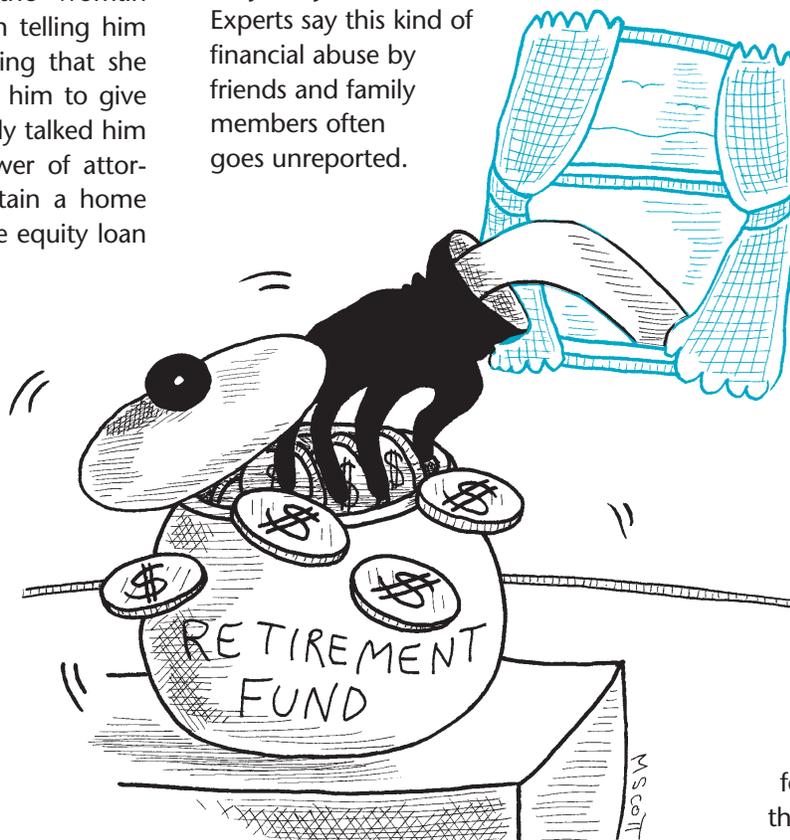
Authorities in New York arrested a woman last year for theft of hundreds of thousands of dollars from an 85-year-old man, in what experts refer to as a "sweetheart scam." In this case, the woman befriended an older man telling him hard luck stories, including that she had cancer, to persuade him to give 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 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 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 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

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From WISER's President



This issue identifies common frauds and their warning signs, provides tips on how to protect yourself and those you love from financial fraud, and lists steps you can

take if you believe you have been a victim. In many cases, the theft could have been prevented had the victim known a few key facts. As the ways in which we access our money change and expand with new technologies, so too do the opportunities for criminals to prey upon innocent consumers. Each year, millions of people fall victim to identity theft and other scams that leave them broke, exposed, and dependent; and this is especially true of the elderly. It is easier than you'd think: To steal someone's identity today, a criminal needs only a name, birth date and Social Security number. Know your enemy: it is up to each of us to take responsibility and stay ahead of the thieves.

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Published by WISER.

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Design and layout: *amp&rsand* graphic design, inc.

The WISERWoman Quarterly Newsletter is intended to provide general information. It should not be used as a substitute for legal or other professional advice.

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Signing Up for Medicare: It's Not Necessarily Automatic

Are you almost age 65? Are you looking forward to getting the insurance coverage provided by Medicare Hospital (Part A) and Medicare Medical (Part B)?

Here's what Parts A and B cover:

- **Part A** helps cover in-patient care in hospitals and skilled nursing facilities (not custodial or long-term care). It also helps cover hospice care and some home health care. For most people, there's no Part A premium because they paid Medicare taxes while working.
- **Part B** helps cover doctors' services and outpatient care. It also covers medical services that Part A doesn't cover, such as physical and occupational therapists. There is a monthly premium for Medicare Part B.

How Do I Sign Up for Medicare?

A person becomes eligible at age 65. If you are receiving Social Security retirement or disability benefits or railroad retirement checks, you will be contacted before your 65th birthday and enrolled in Medicare Parts A and B automatically. If you are not receiving Social Security benefits, you should call (1-800-772-1213) three months before your 65th birthday. **You can sign up for Medicare even if you do not plan to retire at age 65.**

What If I Don't Sign Up at Age 65?

A delay on your part will cause a delay in coverage and result in higher premiums. If you are turning age 65, your initial enrollment period begins three months before your 65th birthday, and ends three months after that.

If you do not enroll in Part B during your initial enrollment period, you can do so during a "general enrollment period" from January 1 through

March 31 and your coverage will begin the following July. **Your monthly premium increases 10 percent for each 12-month period you were eligible but did not enroll in Part B.**

Are There Exceptions?

Yes. There is a special enrollment period for people 65 or older who are covered under a group health plan eliminating the monthly surcharge for late enrollment.

After I Sign Up, Does My Coverage Start Right Away?

If you accept the automatic enrollment in Medicare Part B, or if you enroll in Medicare Part B during the first three months of your initial enrollment period, your medical insurance protection will start with the month you are first eligible. If you enroll during the last four months, your protection will start from one to three months after you enroll. ☒

The Medicare Part B Premium for 2007

The standard Medicare premium for 2007 is \$93.50 per month. Most Part B beneficiaries pay about 25 percent of the cost of Part B and the government pays 75%. As of this year, higher income individuals will pay 33% and the government will pay 67%. These portions will continue to shift until 2009 when higher income beneficiaries will pay more depending on their income.

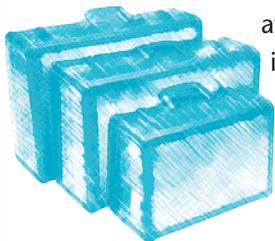
About four percent of Medicare beneficiaries are expected to be affected. Most of us will continue to pay the standard premium.

Never Use a Debit Card at Hotel Check-in!

Planning a summer vacation? Here's more than a word of caution: Mary C., of Dayton, Ohio, recently spent a girls getaway weekend in Las Vegas. A call from her husband revealed that the hotel had withdrawn \$1,100 from their checking account – bouncing several checks. While the hotel (a large chain) had already asked for her roommate's credit card to hold the room, Mary was asked to provide her debit card at check-in for so-called incidentals. While Mary was told that no money would be held, an immediate debit was taken to "authorize" her card.

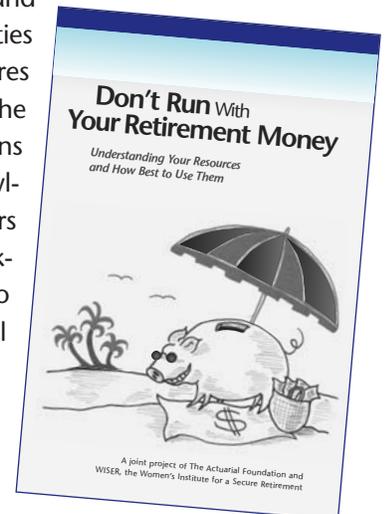


Many hotels will "authorize" whatever card a person uses to hold a room or cover incidentals, and sometimes it can take up to two weeks to get the "main office" to replenish the money. Vacationers are shocked to realize this means hundreds, sometimes thousands, of dollars immediately withdrawn without warning. To avoid bounced checks, hundreds in penalty bank fees, and great inconvenience while on vacation, never use a debit card.



Don't Run with Your Retirement Money: Understanding Your Resources and How Best to Use Them

As a worker today you have a lot of responsibility for retirement planning. The growing availability of retirement savings programs, like 401(k) plans and IRAs, offers important opportunities to build savings, but also requires knowledge and attention. At the same time, traditional pensions that don't require a lot of knowledge and attention from workers are becoming less common, making 401(k) plans not just nice to have, but critical to financial security in retirement.



Just as important as building retirement savings, however, is figuring out how to manage money available to you when you do retire.

Unfortunately, not enough attention has been paid to this part of the retirement planning process. *Don't Run with Your Retirement Money* intends to help fill the gap with information to help you make wiser choices when you transition to retirement status.

To order copies of *Don't Run With Your Retirement Money: Understanding Your Resources and How Best to Use Them*, contact WISER at info@wiserswomen.org or call 202-393-5452.

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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 persis-



tent 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.

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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 under "What's New."

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.

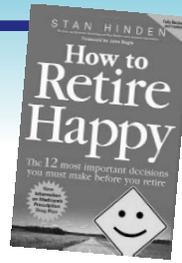
Did You Know?

In his new 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.

How to Retire Happy: ***The 12 most important decisions you must make before you retire.***

by Stan Hinden, McGraw Hill

If you know anyone who is thinking about retirement, Stan Hinden's newly updated book should be on the list of must-reads. His assertion is that, "With the right planning, retirement can be the happiest time in life." And in 12 easy-to-read chapters, he provides a step-by-step approach. Hinden bases his book on 12 decisions you must make—beginning with, "Am I ready to retire?" and ending with, "How can I age successfully?" He provides information from experts, but also provides real-life experience as he and his wife have learned the ways they might have done things differently if they had only known better.



Hinden covers such important basics as Social Security, Medicare and investing during your retirement years, but he also covers topics that are often left out of retirement planning guides. One chapter asks, "Where do I want to live after I retire?" The questions he and his spouse asked as they investigated the possibility of moving to Florida provide a step-by-step lesson for those thinking about moving—or not, as the Hindens decided to stay put. He also helps with the decisions that are not so easy to make, but very important such as, preparing for a serious illness, and wills and trusts.

How to Retire Happy is definitely worth reading or giving as a gift. 📖

WISER's Mission

To improve the long-term financial security of all women through education and advocacy. As the only organization to focus exclusively on the unique financial challenges that women face, WISER supports women's opportunities to secure fair pensions and adequate retirement income through research, workshops, and partnerships.

Next Issue:

- 📖 **Investing Basics and Index Funds; also our picks for the best financial books.**

WISERWoman

A QUARTERLY NEWSLETTER FROM THE
WOMEN'S INSTITUTE FOR A SECURE RETIREMENT

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