



Investment Insights

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Financial Safety for Seniors

When it comes to the safety of our money, we all need to be on the lookout, for thieves are out there at every turn, waiting for us to drop our guard. However, in keeping with the high tech times, it's a criminal with a computer, not a thug with a knife, which we need to worry most about.

Today's criminals don't just want your wallet: they want everything you have. And they've figured out some very clever ways to get it. People need to be as vigilant now in securing their personal and financial information as they have been in securing their homes and cars.

Glance through the local police blotter in today's paper, and there's a good chance you'll see a case of identity theft listed. Check your e-mail, you may have won the Costa Rican lottery or inherited money from a long-lost uncle. Answer the phone, and it might be someone claiming to represent your credit card company asking you to "verify" your Social Security number and date of birth.

In 2003, 325 Alamedans were the victims of forgery, fraud, or embezzlement, according to Alameda Police Department statistics. Senior citizens are an especially vulnerable group. According to the Federal Trade Commission, reports of fraud against seniors have risen over 200% in the past two years. If you yourself have been the victim of fraud, obviously you're not alone.

In a past column, I wrote about how to protect yourself from identity theft. Today, I'd like to offer tips for seniors and their concerned children on what to watch out for in the area of fraud.

A Desire to Trust

I've had many clients over the years that were seniors, and I've always appreciated their willingness to trust my guidance. In fact, on many occasions, I've reviewed recommendations multiple times to make sure they understand everything, and do not just blindly trust me. Being able to place your trust in someone is an important quality, but educating yourself and understanding things is also important. Elderly clients will often have their children sit in on meetings with us so they, too, can understand our plans.

In my mind, abusing this desire by seniors to trust a person is one of the worst crimes one can commit. Unfortunately, there are many sleazy people out there who make a living doing just that: preying on the faith of seniors to believe what they are told. It's a sad commentary on the times we live in, but it's a truth we need to acknowledge and deal with.

What to Watch Out For

There are a couple of very common, but, sadly, very effective scams seniors often fall prey to. The first is one I'll term "Windfall Scam". This one often takes the form of a stranger contacting a senior to let them know they've won a prize or lottery, or received an inheritance from a long-lost relative. To get this windfall, they need to provide a down payment, usually to cover taxes or legal costs. The scammer will request that money be sent via wire transfer or cashier's check to their company before the windfall can be released. Needless to say, there isn't any windfall awaiting the senior, and the scammer usually disappears before law enforcement can track them down

A second common scam is the "Verification Call". This usually takes the form of a fast-talking scammer calling a senior to "verify" some information related to one of their financial accounts. The scammer will ask for the senior's date of birth, Social Security number, and other sensitive personal information. Of course, this information can then be used to establish false credit accounts, tap in to bank accounts, and other criminal actions.

A third frequent method of fraud is the "In Home" scam. This happens when a scammer, posing as a contractor or repairperson, shows up at the door and solicits a job from the senior. Of course, the job requires a down payment, and the scammer disappears with that down payment and never completes (or even starts) the job.

Defending Yourself

There are a couple of simple rules of thumb that can be effective in combating most of this type of fraud. First, don't make any hasty moves when presented with these "opportunities". Simply requesting something in writing, or checking the information out with the Better Business Bureau, will head off most of these fraud attempts. If nothing else, run the situation by someone you trust: your children, your neighbor, someone with a trusted point of view.

Second, don't ever advance money to someone you don't know. I've worked in the field of finance for nearly 20 years, and I've never seen a situation where giving someone a small sum of money immediately results in you receiving a very large sum of money.

Third, remember the old adage: if it's too good to be true, it probably is. This may sound a bit cynical, but adhering to this perspective will benefit you more than it will hurt you.

For more information, contact organizations like the Better Business Bureau (the Oakland office can be reached at 510-238-1000), the Federal Trade Commission (online at www.ftc.gov) or the Alameda Police Department at 510-337-8305.

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