Avoid Financial Schemes that Target Seniors

With a lifetime of accumulated savings, seniors are prime targets for financial fraud. As World Elder Abuse Awareness Day arrives June 15, the Department of Consumer and Business Services reminds seniors and their family members about ways to avoid financial trouble and where to turn for help.

The department investigates investment scams as well as securities. It also investigates insurance companies and agents that sell products that are not a financial fit for their customers.

"With unusually low interest rates on traditionally safe products such as bonds and CDs, we worry that more and more people will be tempted to invest in schemes that sound too good to be true and are, in fact, scams," said David Tatman, administrator of the Division of Finance and Corporate Securities.

Some key concerns:

Chasing after higher-than-average investment returns:

Be wary of investment offers that promise big returns with no risk. Never invest in a product you do not understand. Research investment opportunities, get a second opinion and call the state for help in determining whether an investment is legitimate.

Buying a product that is unlikely to pay out while you're alive or that leaves you with little money to pay bills:

If you invest in a product such as an annuity that typically requires a lump sum of money upfront in return for an income stream down the road, make sure you understand when it will start paying out and the penalties for withdrawing money early. If someone tries to convince you to replace one investment with another, have a financial adviser check it out or call a state insurance consumer advocate.

Turning to the wrong people for financial help:

People you consider friends may take advantage of social or cultural connections to pitch scams. Others might try to convince you of their investment or insurance expertise by boasting of a "senior designation." Make sure you understand any credentials being touted. Oregon prohibits those who sell financial and insurance products from marketing themselves by claiming they are a "specialist," "adviser," or similar title when they have no solid credentials based on legitimate professional training.

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"Of course, you should always be aware of the "free lunch" and "free seminar" offers that investment professionals use as a marketing technique," Tatman said. "These sales pitches can end up costing you plenty."

Help with finance questions

Here are state resources if you have investment or insurance questions.

Division of Finance and Corporate Securities: Staff can help you research whether an investment is registered to be sold in Oregon or a firm or investment adviser is licensed in Oregon, a key first step to avoiding fraud. Call 866-814-9710.

Insurance: Advocates answer insurance questions from 8 a.m. to 5 p.m. Monday through Friday. Call 888-877-4894. For example, they can tell you whether someone is licensed to sell insurance in Oregon or look into an agent or company that might have sold you a product that doesn't fit your financial situation.

Medicare help: The Senior Health Insurance Benefits Assistance program can help you with Medicare questions, including your various insurance options. Call 800-722-4134.

Financial Tips for College Graduates

Heading out into the world, college graduates need to be mindful of decisions that can have long-term effects on their finances and know where they can get help.

"Getting off to a good start financially will make life a lot easier and gives people more financial options down the road," said Patrick Allen, director of the Oregon Department of Consumer and Business Services. "It is much better to take the time now and plan for your future than later wishing you had."

Here are financial tips in a few key areas:

Health insurance: If you land a job that doesn't offer insurance, remember that you can stay on your parents' plan until age 26 - and you do not have to live at home, be a student, or be a dependent on your parents' tax return. You may also buy an individual policy directly from an insurance company or through an agent. As of Jan. 1, 2014, many young people will qualify for Medicaid, the state health insurance program, or subsidies to help pay for private insurance. Visit www.coveroregon.com starting in October to shop.

Credit rating: Go easy on the credit cards. Your credit score will follow you. A poor score may force you to pay more or result in rejection for everything from insurance to a home loan to credit cards. If you need help managing debt, the Division of Finance and Corporate Securities can help you find a licensed and certified nonprofit credit counselor. Call 503-378-4140. Meanwhile, the federal Consumer Financial Protection Bureau has lots of information about credit scoring.

Start saving: Even though you may have little left over after paying bills, putting away even a small amount starts a habit that will pay big dividends later. More than half of Americans said they are worried about a lack of savings, according to an annual Financial Literacy Survey conducted by two nonprofit organizations.

Help with finance questions: The Department of Consumer and Business Services regulates many financial services and industries. Consumer insurance advocates can answer insurance questions and are available from 8 a.m. to 5 p.m. Monday through Friday. Call toll-free in Oregon: 888-877-4894.