How Older Adults Can Steer Clear of Scam Artists

By The Federal Deposit Insurance Corporation

Anyone can be a victim of financial fraud, but older adults are particularly at risk. Among the reasons: Scam artists and thieves know that many senior citizens have accumulated money and other assets throughout the years. Those who commit elder fraud range from loved ones — family members, friends or caregivers — to complete strangers. Here are practical tips on how to protect yourself or someone else:

Remember the red flags of a fraud. Some of the classic warning signs include:

• An unsolicited phone call, e-mail or other request that you pay a large amount of money before receiving the goods or services;

• An unexpected e-mail or call requesting your bank account number, perhaps one asking you for the information printed at the bottom of one of your checks;

• An offer that seems too good to be true, like an investment "guaranteeing" a return that's way above the competition;

• Someone expressing a new or unusual interest in your finances;

• Pressure to send funds quickly by wire; or

• The other party insists on secrecy.

Research a new financial advisor before investing money or paying for services. Though the vast majority of brokers, financial planners and other professionals are honest and reputable, some commit fraud. Before committing to working with a financial advisor, confirm that he or she is properly registered or licensed and has a clean record. For additional guidance on choosing an advisor, see For Seniors: 15 Quick Tips for Protecting Your Finances.

Be careful who you give the legal authority to access or manage your money. One way older adults prepare for the possible future need to have someone else make financial decisions and transact business for them is by having a legal document called a power of attorney (POA). An attorney can help you decide the right type of POA for your needs. "Only give POA authority to someone you trust and who understands your wishes and preferences," suggested Luke W. Reynolds, Chief of the FDIC's Outreach and Program Development Section. "Also consider adding oversight, such as by requiring two people you trust to agree on decisions within a reasonable time frame or having a third party review transactions that have been made."

If you decide to use a POA, contact your bank and other financial institutions to confirm they will accept the document you plan to use. They may have their own form and require that customers use that. For more information about POAs, see For Seniors: 15 Quick Tips for Protecting Your Finances.

Protect your personal information. Never provide Social Security numbers, bank account information, PINs, passwords and other sensitive information in response to an unsolicited call, fax, letter, e-mail or text message, no matter how genuine the situation may appear.

Sign up for direct deposit. "Direct deposit into your bank account is the fastest and safest way to receive money or other payments, such as your pension or an income tax refund," Reynolds said. For more about direct deposit, see For Seniors: 15 Quick Tips for Protecting Your Finances.

Noting a recent scam that has resulted in thefts of benefit payments, Reynolds added, "Check to make sure the full deposit you are entitled to arrives in your bank account when you expect it. An unexpected letter from the Social Security Administration or another agency indicating your direct deposit information has been changed is a sign of fraud, and you should independently look up that organization's contact information and notify it immediately."

Closely monitor credit card bills and bank statements. Look at your statements as soon as they arrive and report unauthorized purchases, withdrawals or anything suspicious, regardless of how small or large the dollar amount.

Immediately report a fraud or theft to someone you trust as well as the proper authorities. Many older people make the mistake of not telling loved ones or not contacting the police or other law enforcement agencies when they've been victimized. Perhaps some are embarrassed to admit that they were "misled" and lost money. Others have fears of losing their independence. "As difficult as this may be, reporting the incident is the only opportunity you have to recover some or all of your loss," suggested Irma Matias, an FDIC Community Affairs Specialist. "By telling your story you also could prevent the perpetrators from taking advantage of others."

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Learn more about common frauds and how to respond to them. For example, read in this issue about telephone scams targeting seniors (see Tips for Seniors Wanting to Help Relatives). You also can search in back issues of FDIC Consumer News at www.fdic.gov/consumernews for numerous articles on avoiding different kinds of fraud. Among them is an article on elder fraud in our Winter 2011/2012 issue:

www.fdic.gov/consumers/consumer/news/cnwin1112/elderfraud.html.

In June of 2013, the FDIC and the Consumer Financial Protection Bureau (CFPB) jointly launched "Money Smart for Older Adults," a financial education tool on how to prevent and respond to elder financial exploitation. To read or print tips from a consumer-oriented guide in this new resource, please visit the CFPB Web site at http://files.consumerfinance.gov/f/201306_cfpb_msoa-participant-guide.pdf.

You also can find tips for seniors from the FBI at www.fbi.gov/scams-safety/fraud/seniors and general information from the Federal Trade Commission on many scams, including phone fraud, at:

www.consumer.ftc.gov/scam-alerts.

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