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If You're Over 50, You're a Scam Target; A Primary Attraction: Your Retirement Assets

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For too many older adults and their families, the idea of falling victim to financial fraud seems improbable. Such swindles, or so they believe, are something that happens to the other guy.

Unfortunately, the 50-plus demographic has long been vulnerable to scams. Today, they make even more attractive targets because of their often sizable retirement savings.

As is often the case, the best way to help a family member avoid becoming a victim is to have a conversation—before it's too late—about the risks and warning signs of fraud. For older adults less capable of making decisions, the potential losses require heightened vigilance by loved ones.

These days, Medicare and health-insurance scams have become a rich area for con artists to mine. Old-fashioned drains on bank accounts, like “free” contests and magazine subscriptions that really cost money, persist. Email and the Internet have added new dimensions to scams that were once perpetrated over the phone. Identity theft is spreading, and the holiday season is prime time for charity-linked email “phishing” scams.

“Seniors tend to be one of the highest-target groups of identity theft,” says Becky Frost, a consumer-education specialist at Experian Consumer Services, which provides consumer credit monitoring and identity protection. “They have established credit ...and perhaps aren't monitoring it as much, which makes them an ideal candidate for identity thieves.”

Doug Shadel, a former fraud investigator and now the state director for AARP in Washington, says the first step is for older adults and their families to dispel any illusions that they would never fall prey to a scam.

It usually has nothing to do with intelligence or greed, he says. “The general strategy for scamming seniors...is to get them emotionally excited about something and not thinking clearly,” says Mr. Shadel.

The classic example is the “grandparent” scam. It used to be perpetrated by phone, but increasingly a con artist will send an email pretending to be a grandchild (information that is increasingly available thanks to social media).

In the email, the “grandchild” claims to be stuck overseas or in jail and needs cash wired. Accompanying the plea for money is a request not to tell the grandchild's parents. Mr. Shadel says many grandparents think “there's nothing I wouldn't do for a grandchild and I'll ask questions later.”

Among other widespread frauds:

Medicare discount-drug card. Con artists will call, email or even knock on doors selling fake discount cards for drugs. (Legitimate prescription-drug benefit companies cannot make such unsolicited sales pitches.) Often, scammers are looking for information that they can use for identity theft.

Charity email. This is especially prevalent at the holidays. Fraudsters send out emails soliciting contributions—often using the name of legitimate charities—with links to click on. The victim unwittingly provides a bank-account number and other personal information to the con artist.

Magazine subscription and sweepstakes. Over the phone, through email or old-fashioned mailers, the pitch is the same: If you want to collect a “free” prize, buy magazines or send money now, or the offer will expire.

Publishers Clearinghouse, for example, has over the years repeatedly been the subject of legal action by state regulators and is currently being probed by a congressional committee for sending out misleading sweepstakes entries. “We believe our programs are in full compliance with all applicable laws and we work closely with law enforcement and regulators on any concerns they have,” says a company spokesman.

Sadly, some older adults are more vulnerable to scams if they are in the early stages of dementia, says Beth Kallmyer, vice president of constituent services for the Alzheimer’s Association. “It’s often hardest when the person is in the early stages of cognitive impairment and they think they can do something like pay the bills...but their judgment could be impacted,” she says.

For those where cognitive issues aren’t a problem, families should sit down with older loved ones and talk about scams and their warning signs, Ms. Kallmyer says.

In some cases, an adult child should be added to a bank account to help look for suspicious withdrawals or payments.

If there are heightened concerns, adult children—working with a credit-reporting company—can help parents put a “freeze” on their credit reports. That would help prevent false accounts being opened in their name. Depending on the state, freezes can be put in place for free but sometimes incur a small fee to have them lifted.

Meanwhile, a mailbox full of sweepstakes entries could also be a warning sign. Just having a mailbox equipped with a lock can prevent some kinds of fraud.

Federal and state online resources provide descriptions of scams and offer assistance to victims. The National Council on Aging (ncoa.org) lists 10 common frauds. (Search the group’s website for “scams.”) The Federal Bureau of Investigation (fbi.gov) has a page dedicated to senior fraud, and AARP (aarp.org), has a “fraud watch” page.

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