Fall 2017

WISERWoman

A Quarterly Newsletter from the Women's Institute for a Secure Retirement

Let's Not Make A Deal: Beware of Unsolicited Calls and Offers That Sound Too Good To Be True

Financial fraud and scams targeting the elderly are a multi-billion dollar industry, and they are on the rise. While anyone can become a victim, the prime targets are women age 80+ who live alone on moderate incomes trying to meet the increasing costs of health care, housing and day-to-day expenses.

The Bad Actors: Financial fraud may be committed by a professional con artist, paid caregiver, stranger or casual acquaintance, or a formerly trusted family member. Signs that a senior may be a victim include cash flow problems, large checks written to people you don't know, and forming inappropriate relationships with strangers.

Failure to Report: Studies show that only a small fraction of fraud cases are reported. Seniors are vulnerable to scammers who develop a false friendship and act "nice." Too good to be true offers also become more attractive especially as we age. Pressure tactics appeal to a senior's fear of burdening families or outliving savings.

Many seniors are ashamed to have fallen for a scam so it is important that caregivers and families know how to report the crimes in their local communities and learn how to access victim counseling and critical aging services.

Resource: Contact **Adult Protective Services** to ask for help when a senior is defrauded. Find your local agency by consulting the **National Adult Protective Services Association** map and click on the state where the victim resides: **napsa-now.org/get-help/help-in-your-area,** or call the National Center on Elder Abuse at **1 (800) 677-1116**, Monday to Friday, 9 am – 8 pm.

Education is Key to Prevention

Knowing how to spot potential scams is critical to preventing them. Con artists are highly skilled at pressure tactics to get you to agree. Never buy anything over the telephone and never give credit card, banking or important personal information including your Social Security number over the phone. If there is a plan in place for dealing with telemarketers and door-to-door salespeople, the senior will more likely be able to resist a bad deal.

- Rehearse strategies with your senior parent or friend to resist pressure to succumb to scams.
- Make sure seniors understand that it is always ok to say no.
- Make a sign to keep by the phone that reminds seniors to say "no" to a persistent caller, or hang up.

There are many different ways that seniors are scammed and unfortunately many never recover from it. Next are some of the most common scams:

Let's Not Make A Deal *continued on page 5*

From WISER's President

Dear Readers,

"Expect the unexpected" is a familiar saying, but how often do we *plan* for the unexpected? It may sound like an impossible task, but if we know something will likely happen to throw our plans off track, then we *can* be better prepared. The key is to plan for the worst case scenario, not the best case scenario. It can be hard to think about all the things that can go wrong, but it's easier to think about them when it's only a possibility. And if you plan, it will be easier to manage if and when the unthinkable happens.

In this issue we look at some unexpected things life can throw our way — like needing to tap into home equity to cover expenses or becoming a victim of a financial scam. We hope the personal story about John will also get you thinking about ways you can plan ahead.

Cindy Hounsell

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WOMEN'S INSTITUTE FOR A SECURE RETIREMENT

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From the WISER/Administration on Aging's NATIONAL RESOURCE CENTER on Women & Retirement Planning

Avoid Card Skimming at ATM's

Office of the Comptroller of the Currency
U.S. Department of the Treasury
HelpWithMyBank.gov

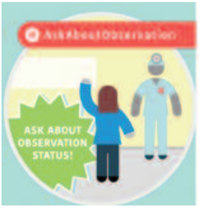
Thieves are using sophisticated tools in scams to steal your account information and money. Known as "card skimming," cameras and devices attached to the ATM machine allows them to drain your account and sell your information. ATMS at public places such as gas stations and convenience stores are the most easily tampered with.

Resource: Contact the Office of the Comptroller of the Currency about unauthorized charges and bank issues at **HelpWithMyBank.gov.**

Stay Informed! Medicare Observation Status

Increasingly, Medicare beneficiaries who are in a hospital for diagnosis and treatment are surprised to learn that they have not been admitted to the hospital on an in-patient basis. Even if they have been in the hospital for several days, receiving tests, medications and care, the hospital may have classified them as an outpatient in a category known as "Observation Status". It is important to know that time spent in the hospital under "observation status" does not count toward the 3-day threshold that opens up eligibility for skilled nursing care upon discharge. Also, beneficiaries without Medicare supplemental insurance or without Part B coverage may face increased out-of-pocket costs.

Patients and their family caregivers should always ask whether the patient has been admitted. Hospitals are required to notify patients of "Observation Status" [called a Medicare Outpatient Observation Notice (MOON)] within 36 hours of being admitted, if they have spent at least 24 hours in observation status.



For more information on Observation Status, accessing skilled nursing care after discharge, and how to appeal the denial of skilled care, see Center for Medicare Advocacy's *Self-Help Packet for Medicare* "Observation Status" at **medicareadvocacy.org**. Also visit **medicare.gov** and type "inpatient outpatient" in the search bar for more resources.

Reverse Mortgage Resources from WISER's Partners:

- An excellent guide if you are considering a reverse mortgage is "Housing Options for Older Adults" from the National Association of Area Agencies on Aging (n4a), available at **n4a.org/files/HousingOptions.pdf.**
- National Council on Aging (NCOA)'s Guide "Use your Home to Stay at Home" is the official reverse mortgage consumer booklet approved by HUD, available at **ncoa.org**.
- Obtain a list of nearby HUD-approved housing counselors by visiting the Department of Housing and Urban Development's website (**hud.gov**), or by calling **1-800-569-4287**, or by contacting the National Council on Aging at **1-855-899-3778**.

Planning for the Unexpected

This is the cautionary story of John M., an only child serving as caregiver for his 90 + year old parents. Far from frail, his mother at age 93 was still working as a top seller at Macy's jewelry counter. John has spent his career in the retirement preparation business as a financial professional, a PhD researcher, and consultant focused on the importance of putting money away for the unexpected. "Save for the sure-to-arrive "rainy day, " he advised.

Their actual rainy day planning involved setting aside funds to cover at least six months of monthly expenses and saving additional funds annually for unexpected expenses. Based on academic research, the actual number recommended was $9,000-$10,000, so they put aside $10,000. Examples of unexpected expenses fall into these major areas: health/medical expenses; financial support for family/friends; housing expenses; and a catch-all "other" category.

Over a decade ago, John decided that for his 50th birthday, instead of letting his parents provide him with a traditional gift, he would give his parents a retirement preparation kit and have them complete the huge checklist and workbook as their gift to him. It also included an important-document storage folder for the necessary documents like a will, power of attorney, living will, health care directives and proxies, funeral arrangements, etc. John wanted to make sure that at the appropriate time, he would have access to their resources and know their wishes so that he could fulfill them.

His parents took care of the burial arrangements fairly quickly. Unexpectedly, it took another ten years of gentle reminders, then prodding, nagging, threats, and finally unpleasant arguments to overcome their resistance for the most important legal items to be prepared by an attorney. It was so stressful for his mother that she couldn't sit in the same room while John and his father signed the paperwork. None of the planning guidebooks advised on the difficulty of the process. The saving grace of completing the retirement preparation process was that when it was really needed, everything was in place.

And the unexpected certainly happened. There was a series of "shocks," starting with John's 92 year-old father's emergency illness, followed by an intensive care hospital stay. Then the onset of cognitive impairment requiring selection and relocation to a post-hospital rehabilitation facility. This was followed by relocation for both parents to an independent living residence that unexpectedly closed a year later. There was another scramble to relocate his parents to an assisted living residence, and all of this meant the need to sell his parents' home and 50+ years of accumulated possessions.

When John initially advised saving $10,000, it seemed a reasonable amount for the unexpected costs for what a 60-ish year old house sale might require. After all, what could a housing repair require? A new roof? A replacement heating unit? Some plumbing repairs? No one identified the "really big" unexpected expenses until John hired a real-estate agent who announced that environmental requirements required removal of the 1,000 gallon oil tank. The list of unexpected expenses grew steadily with the $19,200 for tank removal and soil remediation. Additional costs for other necessary services not specified in any planning checklists included the removal and haulage cost for all the old appliances, furniture, and household goods. Also, since John's parents were no longer living in the house at the time of the sale they lost out on the tax allowances for homeowners over the age of 62.

John's parents luckily have other resources for their assisted living care expenses but the value of their home on which they spent decades paying the mortgage will pay less than 18 months at the current cost.

The message of John's story is to expect that there will be unexpected expenses and financial "shocks" along the way. The earlier you start planning for how to handle that reality, the easier it will be.

Did You Know?

A local Senior Move Manager affiliated with the National Association of Senior Move Managers (**www.nasmm.org**) helped John identify the many service providers he would need to sell and empty their home and resettle his parents.

New Rules on Reverse Mortgages

The old saying that *home is where the heart is* could use an update - *home is also where the money/ retirement assets are* for many older adults. Yet, while research results have consistently reported that nearly all older adults prefer to live in their homes as long as possible, only a relatively small number of older adults consider using their home as an available financial asset.

For older adult homeowners wanting to "age in place" by staying in their current home and tapping their home equity, a reverse mortgage is a possible option. Since 2015, the Department of Housing and Urban Development (HUD) has required borrowers to undergo a financial assessment to make sure the homeowners could pay their taxes, insurance and house expenses.

But HUD has recently tightened its rules for reverse mortgages due to an excessive number of foreclosures from homeowners with older reverse mortgages. The new rules apply only to reverse mortgages secured on or after October 2, 2017. They set limits on the maximum loan amount borrowed and increase the upfront costs and mortgage insurance premium for most borrowers. There is one upside as HUD reduced the annual premium on the debt that was borrowed, and the cut would help slow down the growth of the debt, leaving more equity when the home is eventually sold.

5 Important Tips on the Process

- Include your spouse as co–borrower.
- Involve family members in reverse mortgage meetings.
- Make sure your heirs understand the process for paying off the reverse mortgage loan after you (and the surviving co-borrower) move out of the home or die.
- Involve trusted professionals – make sure your attorney, accountant or financial advisor can review the terms of the transaction before signing documents.
- Never give out personal information to an unsolicited caller. Check that the mortgage professional belongs to the National Reverse Mortgage Lenders Association, **reversemortgage.org**.

Investing in Index Funds

Most Americans, especially women, don't consider themselves investors. But since we all want to live as comfortably as we can afford to during our retirement years, we should try to learn the basics of investing and consider taking balanced risks. Over the last few decades the financial industry has used technology to make it all easier and make us all more effective investors. WISER's Spring newsletter focused on Target Date funds - mutual funds with a mix of stocks and bonds adjusted on your expected year of retirement such as the 2020 Fund.

"A low cost index fund is the most sensible stock investment for the great majority of investors."

— Warren E. Buffett,
Berkshire Hathaway Inc.

Investing in an index fund can be an alternative choice and while they are riskier than a savings account, index funds are a long-term savings option and help keep up with inflation.

What is an index fund? An index fund is a type of mutual fund that invests money in stocks that make up a stock index such as the S&P index,or the Dow Jones Industrial Average. Unlike other mutual funds, the index fund buys stocks to mimic the companies in the index and does not need a fund manager so it is considered "passively managed. Buying and selling the stocks is minimal and fees are usually less without frequent trading and without the overhead costs of a fund manager. The index fund overall is less expensive to operate than actively managed funds.

Most of the academic studies show that a passively managed fund with no manager performs better than an actively managed fund with a fund manager.

"A low cost index fund is the most sensible stock investment for the great majority of investors," according to Warren E. Buffett of Berkshire Hathaway Inc.

Be sure to do your research before choosing a fund, comparing fund performance over time and fees. A trusted financial advisor or banker can help.

Let's Not Make A Deal *continued from page 1*

Telemarketing and Door-to-Door Home Services

Fast-talking telemarketing con artists often promise gifts if you sign up right away for home products or services. It's important to avoid impulsive purchases and say NO to companies that pressure you with an offer that will expire, or must be agreed to immediately. Legitimate companies do not conduct business this way.

Identity Theft by Posing as a Government Agency such as the IRS or Federal Marshalls

These scams involve gaining access to a senior's personal information in order to take money and property, open credit accounts in the senior's name or file tax returns and steal tax refunds. Many consumers have been conned after clicking on links in fake emails and giving away personal information. Scammers may also send mail or call potential victims. Don't automatically trust a name or number that appears on your phone – it's easy for scammers to create a fake caller ID.

Resource: Visit **IdentityTheft.gov**, the Federal Trade Commission's one-stop resource to help you report and recover from identity theft.

Sweepstakes, Lottery and Grandparent Scams

These common scams include telling seniors they have won a lottery or sweepstakes but must make a small payment upfront to receive the prize. Some seniors receive a fake check for the prize money and the check eventually bounces. Other schemes include a "Nigerian prince" or a wealthy foreigner who offers to transfer millions of dollars into your bank account if you provide your bank account information and/or pay "taxes" or "fees" on the money upfront. Grandparent Scams involve pretending to be a grandchild in trouble in order to convince the senior to send money or pre-paid gift cards. Check with trusted family members before believing a story and taking action, even if the caller begs you "not to tell" anyone.

Resource: If you have received a scam e-mail, please notify the FBI's Internet Cyber Complaint Center (IC3) by filing a complaint at **www.ic3.gov**.

Health Care Scams

Scammers seek information by telephone or email about seniors' medical accounts—Medicare and Medicaid—in order to make fraudulent claims. Medicare and Medicaid NEVER ask for information by telephone or email.

Resource: Senior Medicare Patrol (SMP) Resource Center has an on-line tool to help you find your state's SMP: **acl.gov/programs/protecting-rights-and-preventing-abuse/senior-medicare-patrol-smp**

Investment Schemes and Fraud

Unsolicited salespersons may use sham titles such as "Senior Certified Advisor" to mislead seniors and pressure them to sign up right away for investments, insurance or mortgage products. Older people are often targeted and sold products that they cannot afford or do not need. A common tactic is replacing one product with another that is supposedly better, but really causes the senior to lose money or assets.

Resource: Contact the Securities and Exchange Commission. You can fill out an online complaint form at **sec.gov/complaint.shtml** or email at **help@sec.gov**

Don't Say Yes!

Scammers are using a new "gotcha" technique with new technology. When they call you at home even before they pitch a phony product or charity, they've got all they need. How? Simply by having you answer "yes" to questions, like "Is this Debbie?" They record your voice and use it as your "consent" to buy something or contribute to some "fake cause" you've never heard of. This so-called permission, plus your email or credit card information, could lead to repeated scamming. Always ask the person calling you to say who they are before saying anything else.

Did You Know?

You can find out what the latest and most common financial scams are by visiting the Federal Trade Commission's Scam Alerts at **consumer.ftc.gov/scam-alerts**

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First Class POSTAGE

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Women's Institute for a Secure Retirement

Ruth Nadel, A Role Model for Working Women

Ruth Nadel was a homemaker who raised four sons while moving to various cities as her husband's career progressed. She participated in community school and education initiatives and was able to propel her years of unpaid work experience into a paying job. At age 55, she was hired at the U.S. Labor Department Women's Bureau to specialize in dependent care and rights for working families. Throughout Ms. Nadel's 21-year career as a policy advocate, she championed workplace equity and engineered the nation's earliest employer-supported childcare options for working families, which she would later extend into eldercare options in the 1980s.

When Ms. Nadel retired from paid work in 1989, she continued to serve pro bono for organizations such as the Older Women's League, Clearinghouse on Women's Issues, League of Women Voters, and the American Association of University Women. She was appointed as a commissioner for the D.C. Commission on Aging; a position she held until she left Washington, DC for California at the age of 100. Throughout her life, Ms. Nadel joyfully mentored countless people, mostly women, at all stages of life and levels of influence.

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: Caregiving, Long Term Care Services