



# PENNSYLVANIA ASSOCIATION OF COMMUNITY BANKERS

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## Consumer Tips August 2008 – Smart Investing for Seniors



Thirty percent of America's fraud victims are 60 years of age and older. Seniors are often targeted for "free lunch" seminars. Remember the cardinal rule of "free lunches" — there are no free lunches. There's always a catch. Not all "free lunch" seminars are scams, but almost all use high pressure tactics and deception to entice you into an investment quickly before you have an opportunity to think about it or talk it over with your family or financial advisor.

The people who conduct these seminars are fast-talkers who excel in the art of making your money their money. Many of these salesmen may encourage a one-on-one meeting in the hopes that once they're alone with you, they can more easily get you to invest.

Many of us are influenced by two factors: fear and greed. As we get older, we want to be sure we have enough financial resources money to make ends meet in our retirement years. We may over-react to an investment scheme thinking we will make some fast cash.

If you attend a financial seminar, do your homework. You may find that the seminar is legitimate and offers you a prudent investment alternative. Nevertheless, talk to your own financial advisor, your community banker, or to a trusted family member to make sure the investment is right for you.

Another investment alternative you might consider is something called a life settlement. Most of us have life insurance and think that the only way to collect on the policy is to die. However, you may be able to sell the policy and benefit from what is called a life settlement.

According to an article by Jeffrey D. Voudrie, president of Legacy Planning Group, a private wealth management firm, you should consider the following before selling your policy:

- A policy holder needs to be 55 years of age or older with a life expectancy between two and 12 years.
- Policy must be transferable.
- Policy must be universal life, variable universal life, second-to-die or term life policy.
- Face amounts need to be at least \$100,000.

Again, be sure you review your options with a trusted financial advisor and never sell your policy to someone who approaches you about it. You should be the one who initiates the action.

If you want a safe investment, CDs and government bonds are your best options. Most all other investments, including stocks, carry risks.

Seniors are often targets for fraud and scams because they are often more trusting, growing up in a time when deals were sealed with a handshake. Many times, they are home alone and hungry for human contact and conversation when a scam artist calls on the telephone. They begin to fear that they will outlive their savings and they want to be sure they have enough money to live comfortably.

To avoid becoming a victim of telemarketing fraud:

- Tell the caller you need more information and ask him to send it to you through the mail.
- Check with your local Better Business Bureau, your state's attorney general or other consumer watchdog group to verify the legitimacy of the telemarketer.
- Never pre-pay for services. Pay only after the service has been delivered.
- Don't pay for a "free prize." If someone tells you that you have won a free gift, but they ask for your credit card to pay for the taxes on the "free gift," hang up and call local law enforcement. This is a violation of federal law.

If you're concerned about your financial future, check with your local community banker or another trusted financial advisor and work with them to make sure your retirement years are your best years.

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