

## Top 5 "Under the Radar" Elder Financial Scams

By Shawna Reeves, MSW

408-394-2154 / [shawnareevesmsw@gmail.com](mailto:shawnareevesmsw@gmail.com)

**#1 Tax Prospecting** – Insurance agents and mortgage brokers go into business as tax preparers so that they can establish trust and gain access to seniors' financial information. They then sell the seniors annuities and reverse mortgages. It looks like this:



I had a client who was sold a reverse mortgage because his tax advisor said it was a good idea. His tax advisor also happened to be a broker licensed to sell reverse mortgages. The client trusted his advice because of the tax advisor relationship.

**#2 Veterans' Aid and Attendance** – Insurance agents promise to qualify seniors for a little known VA pension by selling them annuities to spend down assets. They may call themselves "volunteers" and target your senior center or assisted living facility with seminars and brochures. These agents may represent themselves as partners of attorneys who specialize in placing assets into irrevocable trusts. But by putting assets into annuities or irrevocable trusts, the seniors are tying up money they may need down the road for care. Also, they may not be able to qualify for Medicaid because money put into annuities will count as assets. It looks like this:



Michael Finney of ABC's 7 On Your Side did a story on a Veterans' Aid and Attendance scam. See *Veterans Duped Into Paying for Service Offered for Free*: [http://abclocal.com/kfsn/story?section=news/7\\_on\\_your\\_side&id=7961623](http://abclocal.com/kfsn/story?section=news/7_on_your_side&id=7961623)

**#3 Stranger Originated Life Insurance** – Seniors are talked into applying for life insurance and given a cash payment for their trouble. The resulting policy is then sold to a third party investor, who pays the premium and collects the proceeds of the policy when the senior dies. (Also see "viatical settlements" - not the same thing but related and also troubling.) The California Assembly held a hearing on STOLIs three years ago but nothing meaningful came out of it in terms of legislation. SF Weekly did a fascinating cover story on STOLIs titled *Roll of the Die: Human Life Speculators Bet on Elder Deaths*: <http://www.sfweekly.com/2007-11-28/news/roll-of-the-die-human-life-speculators-bet-on-elder-deaths/>

**#4 Shoddy Legal Document Preparation Services** – Paralegals and notaries offer to prepare living trusts at very low cost. Though they call themselves document preparation services, they actually give legal advice and often end up making a mess of estate plans, creating "junk trusts" as the probate judges call them. These predators generally do not sell annuities along with the living trusts, but they might in some instances.

**#5 Scammers in the Senior Centers** – Trying to block financial predators from coming into contact with seniors at senior centers is one of the best ways to prevent abuse. Predators target the senior centers because they know that it is where seniors let their guards down and can be easily swindled. In 2007 the Securities and Exchange Commission investigated 110 senior financial seminars and found that 100% of them were in fact sales presentations. SEC Chairman Christopher Cox called the findings "a wake-up call," but the findings did not come as a surprise to people working in the field of elder financial abuse prevention.