

# Finance for Seniors



# Scams Targeting Older Adults

Financial scams targeting older Americans resulted in more than \$3 billion in losses in 2022, says the National Council on Aging. Compared to the year before, that was an 82% increase in losses.

“Cyber-enabled crime has been around for many years, but methods used by perpetrators continue to increase in scope and sophistication emanating from around the world,” said FBI Springfield Field Office Special Agent in Charge David Nanz.

Here are some scams to keep an eye out for.

## GOVERNMENT IMPERSONATION SCAMS

Scammers in these schemes call older adults and pretend to be from a government agency such as the IRS, Social Security Administration or Medicare.

They try to get personal identifying information by telling the potential victim they have unpaid taxes or that their government benefits will be cut off. This information is then used to commit identity theft. Government imposters may demand specific forms of payment, such as cash, a wire transfer or a prepaid debit card.



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## SWEEPSTAKES AND LOTTERY SCAMS

Scammers call and tell them they've won a lottery or prize. To claim their winnings, the older person must send money, cash or gift cards to cover supposed taxes and processing fees. The scammer may impersonate sweepstakes organizations such as Publishers Clearing House to build trust. No prize is delivered and the older person is poorer for it.

## ROBOCALLS

Robocall scammers use automated phone technology to dial numbers from anywhere in the world. Some robocalls claim a warranty is expiring on a car or appliance and payment is needed to renew it. Another common scam is to say “Can you hear me?” and when the person called says yes, the scammer records their voice and hangs up. The scammer then authorizes unwanted charges on stolen credit cards.

## TECH SUPPORT SCAMS

Scammers snag older people by using a pop-up message or blank screen on a computer or phone. It says the device is damaged and needs repair. When the person calls the support number, the scammer may request remote access to the computer or demand they pay a fee to have it repaired.

## GRANDPARENT SCAM

Scammers call a grandparent and ask them to guess who

it is. When the grandparent says the name of a grandchild, the scammer asks for money to solve an urgent problem such as car repairs or a jail bond. They may tell the grandparent not to tell anyone and ask for payment via gift cards or money transfer. The scammer may pretend to be a police officer, doctor or lawyer trying to help a grandchild, using high-pressure tactics to get cash as quickly as possible.



# Reducing Debt

The Federal Reserve's Survey of Consumer Finances found that debt in households headed by people 65-74 quadrupled from 1992 to 2022. For those over 75, it increased sevenfold.

"Credit card debt is one of the biggest problems seniors have today," said Jason Athas, manager of educational programs at Debt Management Credit Counseling Corp., a nonprofit that provides debt relief and counseling.

High interest rates, often topping 30%, can cause credit card debt to get out of hand, even if seniors pay more than the minimum payment every month.

## CONSOLIDATING DEBT

Consolidating high-interest credit card debt to a lower interest loan is one way to pay off problematic debt. It may be worth a look if there are multiple credit cards with outstanding balances. Debts can be consolidated by using a low- or no-interest balance transfer, a debt consolidation loan, a home equity line of credit or a debt management plan.

## MEDICAL DEBT

A common debt for older Americans is unpaid medical bills. Older Americans had nearly \$54 billion in unpaid medical bills in 2020, the



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National Council on Aging says. Among the four million older adults with medical debt, nearly all said they had health insurance. So much of that medical debt are things such as copays, deductibles and out-of-network charges.

The NCOA says to regularly review medical bills for errors and ask for itemized bills.

Negotiate to try to lower the amount due or ask about financial assistance. Under the Affordable Care Act, nonprofit hospitals must provide free or discounted health care to people struggling to pay medical bills.

## USE BENEFITS

Millions of older people are

missing out on benefits they're owed, NCOA says. Its Benefits-CheckUp program ([benefitscheckup.org](https://benefitscheckup.org)) connects seniors and people with disabilities with benefits programs that can pay for health care, medicine, food, utilities and more. In some locations, seniors may be able to talk to a benefits enrollment specialist

to help them see what they qualify for.

Since 2001, nearly 10 million people have used the program to find more than \$42 billion, NCOA says. It is free, confidential and no registration is required. A helpline is in operation Monday through Friday, 8 a.m. to 7 p.m. Eastern Standard Time. Call 800-794-6559.



# Establishing a Trust

A trust is a financial arrangement designed to move assets into an intermediary state before being distributed to one or more beneficiaries.

Trusts can help families avoid estate taxes, so long as the trust is not in your immediate control.

## WHO SHOULD HAVE TRUSTS?

Trusts are part of the estate planning process, but they may not be for everyone, SeniorLiving.org says. Consider a trust if you or your family:

- Are the owner of a large estate.
- Have multiple heirs or beneficiaries.
- Have a retired spouse.
- Have a desire for financial privacy.
- Have heirs with debt or that make questionable financial choices.

## TYPES OF TRUSTS

There are two types of trusts that offer flexibility for managing an estate. Revocable trusts are often called living trusts and allow you to access your funds and make changes at any time. Many revocable trusts turn into irrevocable trusts upon the owner's death. An irrevocable trust means you relinquish control once it is created. A third party takes



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control of the trust.

Here are some common types of trusts:

- **Asset protection trusts:** These trusts protect money from current or future creditors.
- **Constructive trusts:** Trusts that are not formal trusts created by a trustee, but implied trusts established through courts based on certain circumstances.
- **Irrevocable life insurance**

**trusts:** These trusts exclude life insurance proceeds from a taxable estate, offering liquidity to the estate and to the beneficiaries of the trust.

- **Marital trust:** Leaves an estate to a surviving spouse.
- **Special needs trust:** This trust allows beneficiaries who receive government benefits to access a trust without taking away from their state or federal benefits. The beneficiary must ensure they don't take

distributions that would disqualify them from government help and will need to meet certain standards to qualify as special needs.

- **Spendthrift trust:** A trust that protects estates from beneficiaries' creditors until the funds are distributed.
- **Testamentary trust:** These are outlined in wills to ensure funds go through the standard court process before being distributed. A testamentary trust

is subject to court costs, fees and transfer taxes. The trust can be subject to court supervision.

The type of trust you pick depends on the types of beneficiaries you have, when and how you want funds distributed, and what kind of taxes or liabilities you want to protect your estate from.

Talk to a financial planner about the best way to start the estate planning process.



# About Social Security

More than 70 million Americans receive payments from Social Security. The program provides retirement, disability, survivor and family benefits for almost every American worker.

Unfortunately, experts say the monthly benefit sometimes isn't enough to pay all of a senior's bills.

## ESTIMATE PAYMENTS

It's important to understand — ideally before you retire — how much you'll be getting each month for Social Security. The average Social Security payment for all retired workers was \$1,657 per month in 2022. The Social Security Administration offers a variety of tools to estimate payment, or you can contact a representative at (800) 772-1213.



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## YOU HAVE OPTIONS

There are some considerations when it comes to Social Security benefits for married couples, widows, widowers and former spouses.

Know what you're entitled to and how it may affect the benefits you're eligible to receive. If you worked abroad or had a government job, it may also change your benefits.

## WHEN CAN YOU APPLY?

The Social Security Administration says you can apply for the monthly retirement benefit any time between 62-70. The amount you get will be higher the longer you wait to apply, the agency says.

## MEDICARE AND SOCIAL SECURITY

At age 65, you're eligible for health care benefits through

Medicare. You can sign up for Part A or Part B benefits, both of which run through Social Security. However, the agency warns that the cost of Part B will be taken out of the monthly benefit amount.

## TAXES

You may have to pay federal income taxes on Social Security benefits if your combined income (50% of your benefit,

plus any other income) exceeds \$25,000 per year filing individually or \$32,000 per year filing jointly. The taxes can be withheld from your payment.

## WORK AND SOCIAL SECURITY

Your Social Security benefit may be reduced if you earn more than your earnings limit in a year before full retirement age. After full retirement age,

you can earn as much as you like without reducing your benefit.

You may also be eligible for Social Security benefits because of a spouse's work. The amount of that benefit is highest at full retirement age and it doesn't increase if you wait to apply. If your spouse is deceased, you may be eligible for survivor benefits at age 60, or 50 if you are disabled.



# Financial Abuse and Seniors

Financial abuse, unlike physical abuse, isn't always immediately noticeable.

Financial abuse occurs when someone takes or misuses another person's money or property for the benefit of someone who was not that person.

Examples include taking money without permission, failing to repay money owed, charging too much for services or not doing what they were paid to do.

Financial abuse causes more than just lost money, the Consumer Financial Protection Bureau says. The victim may have emotional harm, depression or anxiety, poor physical health, loss of independence, difficulty making decisions, loneliness and a shorter life expectancy.

The CFPB says financial abuse often occurs with other types of elder abuse, including physical abuse, sexual abuse, emotional or psychological abuse, neglect, abandonment and self-neglect.

Warning signs of financial abuse include:

- A senior saying someone is misusing or stealing their money or property.
- A senior saying a checkbook, credit or debit card, or other important papers are missing.
- A senior becomes more private or secretive.
- Missing possessions or possessions replaced with items of



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lesser value.

- Missing medications.
- Blank withdrawal forms or checkbooks left out in the open.
- Someone pressuring an older person to make a financial decision, change a will or sign documents now.
- Family is arguing over a senior's money.
- A new friend seems

possessive of an older person and isolates them from other friends and family.

- Unpaid bills, especially when the older person should have enough money to pay them.
- Bills for unnecessary services or medical equipment.
- Different versions of someone's signature.
- Frequent and expensive

gifts given to care team members or volunteers.

- Selling valuable items to care team members or volunteers.

The CFPB says it's important to document all warning signs you observe with as many details as you can remember. Include dates, times, locations and names. Take photographs if you can. Keep a list of

communications, including phone calls, meetings, letters and emails.

You can report your findings to adult protective services, law enforcement, a long-term care ombudsmen and licensing agencies for any care facilities involved.

Follow state and federal law to report any suspected abuse to local authorities.

# Online Banking for Seniors

With all the talk about online scams and security, online banking can be intimidating, especially for older people who aren't used to using technology regularly.

The good news is that online banking is more secure than ever, and it can bring more independence from caregivers, especially if seniors depend on others for transportation.

Heather Almand, communications manager with Digital Insight, says seniors should use a computer, laptop or tablet with updated security software. She told AARP that pretty much everything you can do at your local bank, you can now do online.

“Most brick-and-mortar banks and credit unions also prefer you use the online and mobile banking tools they provide because it allows them to meet your needs without having to keep a branch open 24/7,” she says. “Often, the services are free.”

Be aware that some fully virtual banks don't have branches or ATMs, meaning you will be charged a fee to use ATMs at other institutions. Some banks will reimburse those fees, but some don't. Check the policy if you use ATMs regularly.



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While depositing checks may seem like an obstacle to fully online banking, it isn't. Customers can deposit checks using their smartphone to snap a picture, allowing them to deposit money wherever they are. Banks often offer this feature in their own apps, along with checking balances, transferring money and

online bill pay. You can use ATMs to deposit physical checks, or even a scanner or fax machine.

Keep your information safe by keeping your antivirus software up to date and using proper precautions, such as not giving out information to people you don't know, even if they talk a good game.

“We call these methods social engineering, and they are made up of various ways that the criminal tries to make you believe they are someone legitimate in order to convince you to provide them with your information,” Greg Hughes, vice president and information security officer, for Fiserv,

told AARP.

He says to always question any attempt to get sensitive information.

“Your bank will never ask you to give it your online banking password on the phone, for example, and you should never provide personal information in response to an email.”





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# Managing a Budget

Many senior citizens live on a fixed income, whether it's from Social Security benefits or payments from a retirement account. As prices for goods and services climb, their incomes don't, and budgeting becomes critical to keeping seniors independent longer.

## CONSIDER HEALTH CARE

Health care is a major expense for most seniors. Know your plans and what they cover. Regularly check whether you use all the coverage you have or whether you're paying for coverage you don't need.

Look into Medicare savings programs and determine what you qualify for, including for prescription drug coverage. The National Council on Aging has licensed Medicare brokers who can provide expert advice on finding the right program.

## LOOK AT PROPERTY TAXES

Even if you've lived in your home for decades, your property taxes could take a sudden jump. Home values in some areas of the country are skyrocketing, and a senior property tax exemption could save you hundreds or even thousands of dollars per year.

## FIND BENEFITS

Make sure you're getting all the benefits you're eligible for. Use NCOA's BenefitsCheckUp to determine whether you qualify for public and

private benefits such as reduced-cost phone service.

It can also find benefits to help pay for medical care, food, housing and more.

## USE SENIOR DISCOUNTS

Stores, restaurants, national parks, public transportation and more may offer senior discounts to recognize your valuable contributions to society. Don't be afraid to ask whether you qualify and save hundreds of dollars a year.

## EARN EXTRA INCOME

Your age and the knowledge you've gained over the years can also earn you extra money. Check into AmeriCorps Seniors RSVP opportunities in your area or participate in the Department of Labor's Senior Community Service Employment Program.

## USE YOUR HOME'S EQUITY

If you own your home, you may be able to leverage any value you have in it to make improvements that may save you money and let you continue to live independently for as long as possible. Options to consider include home equity lines of credit and reverse mortgages. Talk to your financial advisor about what's right for you and your family.