



Posted on Wed, Sep. 26, 2012

Money Matters | Senior scams on the rise

By ALEX PETROVIC

A growing number of senior citizens are falling prey to financial scams and frauds each year.

In June, the [Consumer Financial Protection Bureau's Office](#) of Financial Protection for Older Americans issued a request for information (RFI) to learn more about how elders, described as age 62 or older, are financially abused and proper steps to ensuring their financial independence.

[Certified Financial Planner Board of Standards, Inc.](#) (CFP Board) responded to the RFI in August with suggestions to reduce the abuse of older Americans, and results from a CFP Board survey of older American's financial abuse.

According to the CFP Board, "senior investors are particularly vulnerable to confusion about professional designations and certifications. With no federal or consistent state regulation or oversight of certifications and designations, Americans, especially seniors, are left on their own to sort through the alphabet soup of letters at the end of a financial professional's name."

"There are 142 designations for financial advisors," says Marilyn Mohrman-Gillis, managing director for public policy and communications at the CFP Board. "We determined that most of them actually have nothing at all behind them other than a weekend course with an open book test and then you get three letters behind your name. They are basically worthless."

The CFP Board contracted APCP Insight, a research and communications consulting firm, to conduct a survey of nearly 67,000 CFP professionals. The survey's objective was to learn from CFP practitioners what sort of financial abuse their senior clients had experienced.

Of the roughly 2,650 financial planners surveyed, more than half noted that they had worked with a client(s) who fell victim to "unfair, deceptive, or abusive practices."

The survey found that senior citizens who were victims of financial abuse lost an average of \$140,500, and more than half of scam victims lost \$50,000 or more. According to Mohrman-Gillis, retirees are particularly attractive targets for scam artists because, unlike younger potential victims, they often have large amounts of savings available to them. Exploitation comes in so many different ways, and often includes the following:

Invitations to free seminars soliciting payment for investment strategies -- 73 percent of reported their clients were targeted for such presentations.

Cold-calling -- 58 percent reported their clients received unsolicited calls selling financial products and services.

Income-producing investments -- half reported clients who were offered supposedly "low-risk" high-yield investments that went bad.

More specialized schemes -- advisers reported seeing scams related to reverse mortgages, pension buyouts, aid for veterans, and even being named a winner of a contest supposedly offering a cash prize.

The CFP Board recommended that the Consumer Financial Protection Bureau

establish a rating system for professional certifications and designations by identifying qualitative and quantitative standards (based on best practices for certifications) against which certifications and designations can be evaluated. The rating system would rank designations from the highest tier to those that are so deficient that their use in marketing is presumptively misleading or deceptive.

The Board also recommends that they communicate the rating system through an educational campaign to

educate older Americans on how to use the system to evaluate the financial designations.

After 28 years as a financial adviser, it has been my experience that seniors are more trusting of people in general and more susceptible to fraud by both the financial industry and the common thief. The common adage, "If it sounds too good to be true, it probably is."

Seniors can protect themselves by asking close friends and relatives for a second opinion before making investments or giving strangers money.

For more information on senior scamming, read the article, "[Scammers focus on elderly victims](#)" written by Donald Bradley of The Kansas City Star and listen to a replay of "[Financial Advice: Senior Scams](#)" on KCUR's Central Standard where Donald, I, and other Members of the Financial Planning Association of Greater Kansas City discussed this topic. You can also reference the "Consumer Guide to Financial Self-Defense" by CFP Board or visit www.cfp.net/learn/financialSelfDefense.

The Money Matters column is written by members of the [Financial Planning Association of Greater Kansas City](#). Today: Alex Petrovic, a Certified Financial Planner Petrovic Financial Services Inc., Kansas City.

© 2012 Kansas City Star and wire service sources. All Rights Reserved. <http://www.kansascity.com>