8 Scams That Target Retirees

Here are eight of the major scams that target seniors. By understanding how scam artists work, you can avoid fraud and protect your hard-earned money. You'll also find some helpful dos and don'ts.

1

Medicare and Health Insurance Fraud

Medicare and health insurance fraud typically is in three areas:

- Medical equipment, where manufacturers offer you "free" products, then charge your insurance company or Medicare. Often this equipment was never needed and may never be delivered. A physician's signature is required certifying that the equipment was needed, so unscrupulous representatives will fake signatures or bribe dishonest doctors for their signatures.
- "Rolling labs" set up at health clubs, shopping malls and other places where seniors may frequent that persuade you to take unnecessary tests, then bill your health insurance company or Medicare.
- Services not performed, where unethical providers bill insurers for services you never received by altering valid bills or submitting fake ones.

Dos

- Before agreeing to medical services or equipment, ask your doctor if you need the product or service. Ask the cost and what you'll be expected to pay out-of-pocket.
- Carefully review your insurer's explanation of benefits statement. Call your insurer and provider if you have questions.
- Give your insurance or Medicare number only to your doctor or other Medicare providers who provided medical services.
- Keep accurate records of all your health care appointments.
- Keep informed. Know if your physician ordered equipment or services for you. If you aren't sure, call your doctor's office and ask.

Don'ts

- Never sign blank insurance claim forms.
- Never give blanket authorization to a medical provider to bill for services rendered.
- Don't do business with door-to-door or telephone salespeople who tell you their medical services or equipment are free.

2

Counterfeit Prescription Drugs

According to the National Association of Boards of Pharmacy, the number of websites classified as not recommended by NABP—those selling prescription medications out of compliance with state and federal laws and/or NABP patient safety and pharmacy practice standards—is now more than 10,660. The FDA warns against purchasing drugs that aren't from U.S.-based, state-licensed pharmacies.

Dos

- If buying medications online, check to see if the site has the Verified Internet Pharmacy Practice Sites accreditation program, or VIPPS, seal of legitimacy.
- Contact the California State Board of Pharmacy at pharmacy.ca.gov or the National Association of Boards of Pharmacy at nabp.net to ensure the company you're purchasing medications from is based in the U.S. and licensed.
- Contact your pharmacist or physician if your prescription drug looks suspicious.
- Be aware that "special deals" may be associated with fake drugs.

3

Funeral and Cemetery Fraud

The FBI warns seniors about two types of funeral and cemetery fraud. In the first one, scam artists read obituaries and call or attend the funeral services of strangers to take advantage of widows or widowers. Claiming the deceased owed them money, the scammers try to extort the funds to settle the fake debts. In a second one, funeral homes take advantage of family members' unfamiliarity with the costs of funeral services to add unnecessary charges to the bill. For example, dishonest funeral directors may insist that a casket is necessary even for direct cremations, which can be done with a cardboard casket.

Dos

- Take time to call and shop around before making a purchase. Ask to see the general price list, which is required under federal law, and compare prices.
- Take a friend with you to offer some perspective to help you make decisions.
- Learn about the different types of caskets before you buy one, and understand that caskets aren't required for direct cremations.
- Carefully read all contracts and purchasing agreements before signing, and make certain all of your requirements have been put in writing.
- Make sure you understand the cancellation and refund terms and about portability options, if you prepay for services and move before you need services.
- If you have a complaint about a funeral home, crematory or state-regulated cemetery, try to resolve it first with management. If you can't, submit a complaint to the California Department of Consumer Affairs' Cemetery and Funeral Bureau. You'll find the complaint form online at cfb.ca.gov or call 800-952-5210 or 916-574-7870 to have the form sent to you.

Learn more at cfb.ca.gov/consumer/funeral.shtml

4

Telemarketing Fraud

Telemarketing scams often involve offers of free prizes, inexpensive vacations, even heath care products. The FBI shares these warning signs and urges you to say “no thank you” and hang up if you hear them:

- "You must act now or the offer won’t be good.”
- “You’ve won a 'free' gift, vacation or prize. But you have to pay for 'postage and handling' or other charges."
- “You must send money, give a credit card or bank account number, or have a check picked up by courier.”
- “You don’t need to check out the company with anyone.”
- “You don’t need any written information about the company or its references.”
- “You can’t afford to miss this high-profit, no-risk offer.”

Dos

- Always ask for, and wait until you receive, written material about any offer or charity.
- Research unfamiliar companies before donating or providing personal information.
- If you don’t understand what you’re being offered to buy or donate to, ask someone whose financial advice you trust.
- Before doing business with telemarketing companies, verify the accuracy of the caller’s name, business affiliation, telephone number and business license number. Con artists often may provide false information, so be wary.
- Check out the California Attorney General’s tips and registry of charities at oag.ca.gov/charities and the National Fraud Information Center’s tips at fraud.org.

Don’ts

- Don’t buy from a company you aren’t familiar with. Legitimate businesses understand you want more information about their company and are happy to provide it.
- Don’t pay in advance for services. Pay only after they are delivered.
- Never send money or give out personal information, such as credit card numbers, bank account numbers, dates of birth, or Social Security numbers, to unfamiliar companies or unknown persons.

5

Investment Fraud

Watch for unscrupulous salespeople who are overly friendly and target seniors or others who believe it's not polite or find it difficult to say "no."

Dos

- Take the time to research and ask questions.
- Understand the investment, the risk, and ask about fees, commissions and how easy it is to pull your money out of the investment.
- Verify the salesperson is licensed to sell securities in California and research disciplinary history. Do a background check at brokercheck.finra.org. Also see page 50.

Don'ts

- Don't take the salesperson's integrity at face value.
- Don't fall prey to sales pitches that may exploit your fears regarding savings and medical costs.

6

Reverse Mortgage/Foreclosure/Refinance Scams

Seniors can be targets for mortgage scams because they are often on a fixed income and a lower mortgage payment may offer relief. Reverse mortgage or mortgage assistance scams can come from seemingly legitimate sources such as television and radio ads or through the mail. Dishonest salespeople may approach unsuspecting seniors at churches, clubs or other organizations.

Dos

- Ignore unsolicited mortgage relief promotional materials.
- Do your own research and find your own mortgage lender if you want to refinance or look into a reverse mortgage.
- Keep in mind mortgage relief internet searches may lead to scams.
- Contact your original mortgage holder whenever you receive correspondence regarding changes to verify the accuracy of the letter.

Don'ts

- Don't send payments to a new lender until you verify the change.
- Never pay upfront fees for mortgage modification.
- Don't be lured by flashy documents or professional appearance.
- Never sign a document you don't understand.

7

Security Alerts/Payments/Prize Scams

Because seniors have a reputation for paying their bills on time, swindlers try to take advantage by tricking them into providing confidential information. They may call, pretending to be with the telephone company or bank, claiming there was a problem with a payment and ask to verify bank account information. Or they may claim to be calling about a possible credit card security breach and ask for financial information. Because they're eager to clear up the issue, people often fail to identify and verify the caller before providing personal account information.

Dos

- Most companies prohibit representatives from asking for personal information over the phone, so never provide it.
- Call companies directly using the phone number provided on official documents to verify a problem.
- Ask questions and do your own research before making a decision.

8

Grandparent Scam

Some scammers will call and pretend to be a grandchild to get money from seniors. Usually they'll ask open-ended questions, hoping the individual will provide enough information for them to convince the senior they are indeed their grandchild. In some cases, the con artists may know basic information gleaned from social media sites and with the information the unsuspecting grandparent provides, may be enough to establish a relationship. The scammers then claim to be in trouble or provide some other pretense to ask for money.

Dos

- Ask questions hard for an imposter to answer correctly—name of a pet or mother's birthday.
- Contact the person who the caller claims to be directly before providing money.

Check out these websites for more ways to avoid being a victim of fraud:

fbi.gov/scams-safety/fraud/seniors

ncoa.org/economic-security/money-management/scams-security/top-10-scams-targeting-seniors/

sec.gov/investor/seniors/guideforseniors.pdf