

## LIVE A RICHER LIFE - POST BANKRUPTCY EDUCATION

### THE OBJECTIVE

Is to help you recover financially following bankruptcy by making sure you have the tools to regain and maintain financial wellness.

**Early intervention is the best. Be sure to schedule an appointment if you continue to struggle financially.**

### WHAT HAS BANKRUPTCY ACCOMPLISHED FOR YOU AND WHAT TO EXPECT

At this point you are working toward your "discharge", which is the court order preventing a creditor, person or company from any further attempts to collect on the debts. You should no longer be receiving collection calls from any of the people or companies that you owe money to. If you have filed a Chapter 13, you may still be involved with your repayment plan which should be easy to keep track of and must be incorporated into your budget planning.

**Risks:** Your bankruptcy also means you will have a more difficult time obtaining new credit, and you will most certainly have to pay higher interest rates or accept other unfavorable terms because of your bankruptcy.

- Beware of predatory lenders who offer high interest rates, high late fees and harsh penalties. Keep in mind that a predatory lender's goal is for you to default. It is a huge money maker for them.
- Bankruptcy is a matter of public record. Both Chapter 7 and Chapter 13 bankruptcies remain on the credit report for 10 years after you file them.
- Civil judgments stay on a credit report for 7 years after they are filed.
- Tax liens stay on a credit report for 7 years after you pay them.

You may be asked on a number of different types of documents such as applications for jobs, insurance or loans if you have filed for bankruptcy. You should answer these questions truthfully, because bankruptcy is a matter of public record and will be on your credit report or background check. It could be considered fraud or cost the offer of employment or business relationship to answer dishonestly.

**As a first step we encourage you to follow rule #1:** Avoid any credit usage until your finances are organized and you are living on a sound budget.

### THE ECONOMIC WAY OF THINKING

The economic concept is that nothing in life is free and based on the principle that you can't have everything you want. Every action and decision has costs and consequences, some good and some bad. The three personal decision making steps are:

**Step #1** Define the problem

**Step #2** List the possible solutions

**Step #3** Evaluate alternatives and choices, choose the best solution and take action.

### DEVELOPING SOUND FINANCIAL HABITS

Basic budgeting skills:

- An asset is something you own that has value, such as a savings account.
- A liability is a debt you owe.
- Net worth is your assets minus liabilities.

- Developing a written budget including savings. Most people tend to OVERestimate the amount of money they actually spend. Journaling your expenses will help you keep track of what is being spent.
- Know your income and be able to live comfortably within your means.
- Spending wisely and thinking about wants vs. needs. For example: Buying a new car when the models change is NOT a priority.
- Create a new budget to help you achieve your goals: Short-term, mid-term and long-term. Review your goals regularly as priorities may change.
- Plan money in your emergency fund that is intended for unexpected expenses and emergencies.
- Plan savings for retirement, birthdays, Christmas, vehicle repairs, medical and other major expenses.
- Have a gift buying plan and set limits within your ability to afford them.
- Budget for fun so you aren't depriving yourself.
- When planning for retirement, consider what kind of lifestyle you want when you retire. This may require saving more now to live the lifestyle you want later. The younger you start a plan for retirement the better lifestyle you can have.
- Save your small change. Roll it up and put it in your savings account periodically. You won't miss it.
- Cut back on expensive little things that add up easily.
- Don't get involved with payday loans because they can have a very high interest rate and if they are used repeatedly, interest and fees can snowball.
- If your income is greater than your expenses, you should pay yourself first in the form of savings and investments.
- You should pay yourself first through an automatic payroll deduction. If you don't have the money in your hands, you are less likely to miss it. The more you keep in savings you can use compounding interest to your advantage. Compounding interest earns more interest on what you have already earned.
- You can also consider changing your withholding allowance at work because it will change the amount of taxes you are paying each month.
- Consider the differences between fixed, periodic and variable expenses. Fixed do not typically change, such as a car payment. Periodic are those that may only come up every quarter or half. And variables are those you have the most control over, such as grocery shopping. Save one 12th of the expense each month to pay periodic expenses.
- Items best paid for using the money from your periodic savings account are vacation and gifts.
- If you have to carry a debt balance, stop increasing the debt and concentrate on paying it off using a power payment plan. A power payment plan is a method of paying off a series of bills by progressive additions of money as each bill is paid. Many call it the "snowball" method.
- When you have a choice between two roughly equal debts you should pay the one with the highest interest rate first because it is costing you the most money.
- Organize your bills and important papers. Create a comfortable filing system for your monthly bills, insurance policies, medical bills, home improvement receipts, identity documents, bank statements and investment statements. Keep very important things like insurance policies and retirement account statements permanently. Others after your selected amount of time may be destroyed.

## **UNDERSTANDING AND USING CREDIT**

### **Types of credit:**

- Cash loans that are financed through a bank or credit union with a fixed payment and interest included are secured debts holding collateral.
- Retail credit cards are cards that you can only use at a specific store and are unsecured debts.
- Bank or major credit cards, such as MasterCard or Visa can be used just about anywhere and are unsecured debts.

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Although you may not want to use credit due to having filed bankruptcy, it is likely that you will want to or need to use credit again in the future. Major credit items may not be possible without using small credit to build your credit score back up.

It typically takes 18 months to 2 years of diligent credit rebuilding efforts before you will be eligible for a major credit card at a reasonable interest rate, and up to four years to qualify for a mortgage or vehicle loan with reasonable terms.

### **Strategies for using credit:**

- Avoid credit usage until your finances are organized and you are living on a sound budget.
- If you still have an active credit card account you can use it to rebuild your credit by keeping it open and using it occasionally.
- Start out small and with only ONE credit card specifically to help you build your credit (secured credit card, use for gasoline within your budget). Guaranteed by funds you deposit in a special account.
- Stay in the habit of paying off your balance every month or as soon as you can.
- Practice self-discipline (don't allow yourself to be drawn into wants — save for them if they are that important to you).
- Shop around for credit offers before applying, look for the best terms. Look for one that does not have an annual fee and has the lowest interest rate.
- Check your credit report for errors. It is important that you get errors corrected because it can affect your score.
- Keep at least one major credit card account open.
- Pay your monthly balance in full to avoid finance charges. **Credit card companies charge compound interest so balances can grow rapidly.**
- Be aware of the difference between home equity loans and home equity lines of credit. Home equity is the difference between a home's market value and the mortgage balance. **Home equity loan means your home is collateral. Home equity line of credit means there is no collateral involved.**
- Read your Credit Card Statements and understand them.
- **Be mindful of the universal default law. A lender can raise the interest rate if you fall behind on payments to that creditor or any of the other creditors because they can review your credit report at any time.**

### **Warning signs of Credit Trouble:**

- Spending more than 20% of monthly take home pay on credit card bills
- Borrow money to pay debts
- Pay bills on time but run out of cash
- Pay for necessities with credit cards
- Pay only the minimum payment
- Refinance because you must reduce your payment
- Need a co-signer for a loan
- Finance your vehicle for six years or longer
- Consolidate debt then incur more debt
- Count on the next big deal to see you through (like counting on overtime)
- Wait until the end of the grace period to pay
- Hide purchases from your family or fight about finances
- Depend on family or friends to help pay bill

## **CREDIT REPORTS AND SCORES**

Your credit report is a compilation of data about you that has been gathered by credit reporting agencies or credit bureaus. The information on your report includes Identifying information, employment history, credit history, inquiries and public records

The FICO score is the number representing your creditworthiness at a particular time including, income, expenses, credit history and debt. All of this factors into the credit granting and decision-making process. The Equal Credit Opportunity Act protects you from discrimination by creditors, but does not guarantee that you will be approved for credit.

Beware of predatory lenders who offer high interest rates, high late fees and harsh penalties. Keep in mind that a predatory lender's goal is for you to default. It is a huge money maker for them.

### **Your credit score is determined by five factors:**

- Payment history (35%) – late payments, judgments, bankruptcy and tax liens can lower your score
- Outstanding debt (30%) – maxing out your credit cards can lower your score
- Length of credit history (15%) – long relationships with banks and credit unions have a positive influence on your score
- Recent inquiries (10%) – too many inquiries in response to applications for credit within a short period of time can lower your score because it suggests you are frantic for credit and may soon be overexposed
- Types of credit in use (10%) – too many open lines of credit can lower your score. Loans from finance companies generally lower your score especially when there are no other types of credit reported

You can obtain a free credit report from all three major credit reporting bureaus once every 12 months. You can get it online, by mail or phone.

Review your credit report for any mistakes and get them corrected if you find any by filing a dispute. You may need to dispute on each credit report and include your proof if you have any of what the mistake is or if it is not your debt at all. Name, SS#, addresses can be entered incorrectly.

It is important that you get errors corrected because it can affect your score. The Equal Credit Opportunity Act protects you from discrimination by creditors, but does not guarantee that you will be approved for credit. Credit worthiness such as income, expenses, credit history and debt all factor into the credit granting decision making process.

## **IDENTITY THEFT**

Identity theft is a huge issue. Thieves will go to great lengths to get your personal information:

- Stealing records while on the job
- Bribing employees who have access to records
- Hacking records
- Conning information out of employees
- Stealing mail from your mailbox
- Dumpster diving for information
- Phishing or stealing personal information through an email or phone in which they pose as a legitimate company
- Skimming which is stealing credit or debit card numbers by capturing the information in a data storage device that they have attached to an ATM or credit card machine
- Magnetic devices that scan information through your wallet as they walk by you.
- Shoulder surfing which is looking over your shoulder for passwords and pin numbers at ATM machines and stores

### **What identity thieves can do with your information:**

- Open new credit card accounts in your name
- Change the address on your existing credit card accounts
- Open a bank account in your name and write bad checks on the account
- File for bankruptcy under your name
- Take out mortgage, auto loans or establish phone or wireless service in your name
- Get a job or file fraudulent tax returns in your name
- Give your name to the police during an arrest and if they don't show up for their court date a warrant for their arrest is issued in your name

If you think you may be a victim of identity theft, contact the fraud department of any one of the three major credit bureaus to place a fraud alert on your credit file. As soon as one credit bureau confirms your fraud alert the other two credit bureaus will automatically be notified to place fraud alerts on your accounts as well. Credit reports will be sent to you free of charge.

### **Prevent Identity Theft:**

No one can fully prevent identity theft, but there are steps you can take to reduce your chances of becoming a victim.

- Place passwords on your online credit card, bank and phone accounts. Avoid using easily available information like your birth date, phone number or mother's maiden name.
- Sign your credit or debit cards as soon as they arrive
- Carry your cards in a safe place separate from your wallet
- Do not carry your Social Security Card – keep it in a secure place
- Keep a record of your account numbers, their expiration dates, and the phone number and address of each company in a secure place.
- Never give out personal or account information in response to an email query unless it is part of a transaction that you initiated
- Save receipts to compare with billing statements
- Open bills promptly and reconcile accounts monthly
- Treat your mail and trash carefully
- Deposit outgoing mail in secured mailboxes such as it US Post Office box
- If you are planning to be away from home and unable to pick up your mail, have the postal service hold your mail until you are able to pick it up
- Tear or shred charge receipts, copies of credit applications, bank statements, and other documents with your personal information
- Be cautious about using a personal computer to store personal information
- Update virus protection software regularly
- Do not open files sent to you by strangers
- Use a firewall program
- Use a secure browser
- Avoid storing personal information on a laptop
- Before disposing of a computer, delete all personal information from the hard drive and then destroy the hard drive
- If your credit and debit cards are lost or stolen, immediately contact the issuers of the cards
- Consider purchasing a service that alerts you to any request for your credit information or unusual activity on your account

## WHAT IS INSURANCE

The main purpose of insurance is to protect you from financial loss and to reduce the beneficiary's financial risk. You have to make choices to protect what is most important to you and you should insure what you cannot afford to replace. We aren't always able to afford all of the insurance that we would like. Costs of policies can vary depending on the deductible amount you select. A deductible is the amount you must pay for a loss; the insurer pays the rest.

Generally, you can buy insurance to cover any loss. But the more insurance you have and the higher levels of coverage you have the more it will cost. Buying insurance is always a trade-off and depends on how much risk you are willing to assume and how much risk you want an insurance company to take on.

### Types of insurance:

#### AUTO

**Collision:** Provides for the repair or replacement of the policy owner's car damaged in an accident

**Liability:** Covers the cost of property damage or injuries to others caused by the policy owner

**Comprehensive:** Covers the cost of damage to an auto as a result of fire, theft or natural disaster

#### HEALTH

**Basic:** Covers office visits, laboratory, hospital costs and routine care

**Major Medical:** Protects against large bills caused by catastrophic illness or injury

**Dental and Vision:** Covers some of the cost of routine exams and specific services

#### RENTER'S

Reimburses policy owner for loss of possessions in a rental unit due to fire, theft, water damage, etc.

#### HOMEOWNER'S

**Physical Damage:** Reimburses for fire or water damage to house or other structures on the property

**Loss or Theft:** Reimburses for personal property damaged or stolen

**Liability:** Protects against loss from a lawsuit for injuries to people on your property

#### LIFE

**Term Life:** Offers protection for a specified period of time

**Whole Life:** Offers protection that remains in effect during the lifetime of the insured and acquires a cash value

#### DISABILITY

The policy owner selects a replacement income for lost wages if an illness or accident prevents the person from working.

#### LONG-TERM CARE

The policy owner determines a daily benefit amount and benefit duration. Additional features such as inflation protection can be added to the policy.

## UNDERSTANDING YOUR CREDIT REPORT

### MAKING CHANGES TO YOUR REPORT

It's possible for incorrect, incomplete, or outdated information to appear on your credit report. If it does, it can lower your chances of getting the loans, credit cards, and other credit products you desire. If you find an error, take the following steps to fix it as soon as possible. If you see evidence of fraud or identity theft, contact the three major credit reporting agencies immediately. Explain the situation and ask that a fraud alert be placed in your file. Also report the fraud to the police and obtain a police report to provide to your lenders

It's also important to keep a record of everything you do. Make copies of any letters or documents you send. Never send original documents.

#### 1. Contact the Credit Reporting Agency

Contact the credit reporting agency that is reporting the item in question. You will need a printed copy of your credit report from them, which you may be eligible to receive free of charge.

After you notify the credit reporting agency of the inaccuracy, the credit reporting agency will review it. If further investigation is required, they will provide notification of your dispute, including relevant information you may have submitted to the source that furnished the disputed information to them. The source will then review the information, conduct its own investigation, and report back. The credit reporting agency will then make the appropriate changes to your credit file based on the investigation, and will notify you of the update. Please remember that a credit reporting agency generally cannot change your report without an investigation which indicates that the information is incorrect.

## **2. Contact the Lender Regarding the Problem**

In some cases, you should also contact the appropriate lender, sometimes even before you contact a credit reporting agency. This is especially true if you are a victim of identity theft or fraud. You should also contact the lender if information that you asked a credit reporting agency to investigate was verified as accurate by that lender. Most large lenders have standard procedures for customers to dispute items on their account. If you have proof that the item in question is incorrect, it should be resolved quickly.

If the lender finds that the disputed information is indeed incorrect, the lender is required under the Fair Credit Reporting Act to update its records both internally and with the credit reporting agencies it deals with, usually within 30 days. Always follow up your phone calls with a letter. List each item that you want to have investigated and state how it is inaccurate attaching copies of relevant documents. Include your full name, account number, the dollar amount in question, and the reason you believe the item is wrong. Be concise.

## **3. Contact the Other Credit Reporting Agencies**

If you find an inaccuracy with one credit reporting agency, you may want to get your credit report from the other two agencies to see if their reports contain the same item. In most cases, after you have corrected it with one, the other agencies also receive the corrected information. But for prompt correction, it is best to contact each of the three credit reporting agencies yourself.

## **4. Ensure Your Request Was Addressed**

A credit reporting agency has 30 days to complete its investigation, so it should generally notify you of the results of its investigation free of charge. Examine the results carefully to ensure that the information has been modified or removed, if it was not verified by the source. If an item has been modified, you can have the credit reporting agency send a revised report to anyone who received a report in the past six months (two years in the case of employers).

## **5. If You Disagree with the Results**

You have the right to file a brief statement with the credit reporting agency, free of charge, explaining the nature of your disagreement. The credit reporting agency may limit your statement to 100 words and may assist you in writing a clear summary of the disagreement. Your statement will become part of your credit file, and will be included each time your credit file is accessed and the disputed item is included in a credit report.

## **SEVERELY DAMAGED CREDIT**

There are a few types of damage to your credit that deserve special mention. These are bankruptcy, foreclosure, and repossession explained in more detail below. If any of these has happened to you, you need to take extra care to undo the damage to your credit. It won't be easy, and it will take time – years in most cases. But with dedication and a full understanding of the importance of doing so, you'll clean up your credit before you know it

### **Personal Bankruptcy**

When an individual applies for bankruptcy and is awarded a discharge by the court, the individual is relieved of his or her obligation to pay back certain debts. There are two types of personal bankruptcy, both of which must be filed in federal bankruptcy court. Chapter 13 bankruptcy enables an individual to keep their property and establishes a repayment plan, typically over three to five years. Chapter 7 bankruptcy is also called straight bankruptcy. It requires that all assets that are not under the exception category be liquidated and the funds are then given to lenders. Although both types of bankruptcy seem like an easy way to rid yourself of debt, the impact on your credit history is severe. Chapter 13 bankruptcy stays on your history for 10 years and Chapter 7 stays on your history for 10 years. It should be considered a last resort.

### **Foreclosure**

If you are not able to pay your mortgage debt, the mortgage lender is able to foreclose on the property. This means that the mortgage lender sells the property in order to repay the debt. In some cases, the lender will accept the deed to the property to avoid having to foreclose on the property. This is known as deed in lieu of foreclosure.



Although it's worse to have a foreclosure on your credit history both foreclosure and deed-in-lieu are damaging to your credit and stay on your credit report for seven years. If your credit report shows a foreclosure or deed-in-lieu, it's likely that you will have trouble obtaining new credit for at least a few years. You will need to establish good credit in the meantime. Start with maintaining an excellent payment history on your current credit cards. And consider a secured credit card if you have trouble getting a traditional credit card. Also, be sure to write a statement for your credit file and send it to each of the three major credit reporting agencies. Your statement should describe, in a concise manner, the reasons behind the negative items, including any hardships. It will remain in your credit file as long as the negative item it explains.

### **Repossession**

If you are unable to repay a loan on an item, often a car, the lender has the right to repossess the property. Repossession remains on your credit report for seven years and is very likely to negatively impact your ability to get future credit

## **REBUILDING YOUR CREDIT**

Bad credit can happen to good people. Don't despair if it has happened to you. There are ways you can get your credit back in shape But you have to start working on it today – and keep working hard to show potential lenders that you're serious about getting your credit in order. As you do so, your credit should improve and that could result in better credit offers and a savings in money. Here is how to get started:

Open new accounts and pay them off. Being able to repay a variety of new accounts is a key step in rebuilding your credit. That means that devising a strategy to open and pay off as many different kinds of accounts as you can is better than adding more debt to an existing credit card. Start small. Rebuilding your credit can be similar to starting over from scratch and starting small may be the easiest option. Credit cards from department stores or your local credit union can be useful.

Consider asking for help. If you can't qualify on your own, ask a friend or family member to cosign for a small loan or credit card. If you can stay current on a major credit card account or small auto loan, this will speed up the process of re-establishing good credit on your own. Consider a secured credit card. They are guaranteed by a deposit that you make with the credit grantor. Secured cards offer the purchasing power of a major credit card. Just make sure the grantor reports payment histories to the three major credit reporting agencies so you're building your positive payment history.

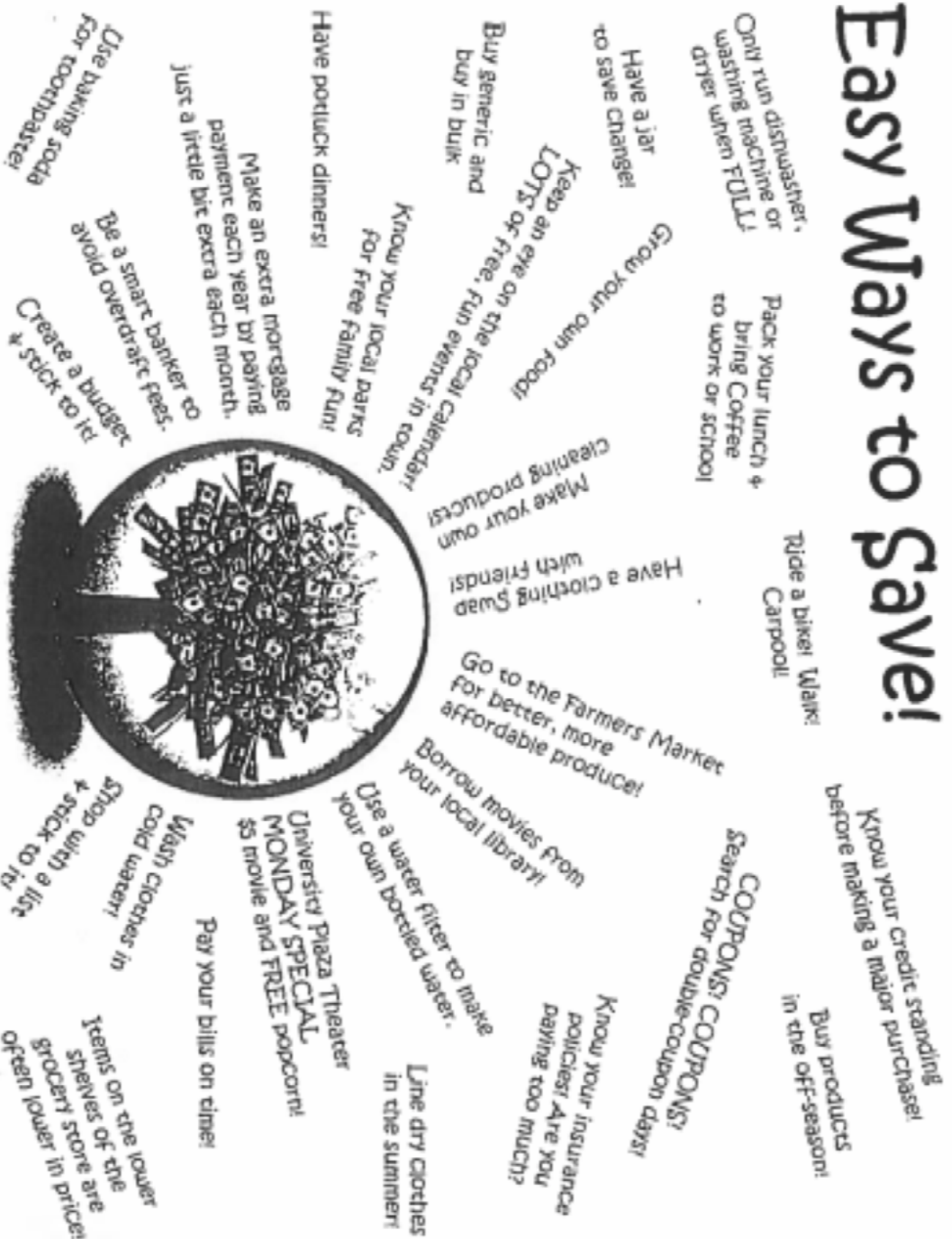
Use your new accounts in moderation and make payments that are more than the minimum. You can keep a small balance so that your positive payment history will continue to show up on your credit report. Keep your balances low. Avoid carrying a balance that is more than 30% of your credit limit (lenders may view it as excessive debt that you may not be able to stay current with).

Reduce your household spending. Review your household expenses and determine which ones you could do without. Consider creating a budget to track exactly where your money goes each month. Call a lender if you can't pay some of your debt. Explain your situation and the lender may be willing to work out a plan for you to pay back what you owe. Contact a credible credit counseling agency to make a plan for paying off credit bills. Beware of agencies that offer "quick fix" ways to get out of debt.

### **Be Patient – the Payoff is Worth It**

It takes some time for your new credit history to gain momentum. You are demonstrating that you are not depending on certain credit cards and loans for your financial survival. That's why opening and paying down accounts may make it a little easier to get more credit. With patience and timely repayments, you'll likely be able to build a new credit history that lenders will look upon favorably when making decisions about your ability to handle even more credit.

# Easy Ways to Save!



## 6 REASONS TO AVOID PAYDAY LOANS

### YOU PAY A HIGH PRICE FOR FAST CASH AND NO CREDIT CHECK

Here are six ways payday loans can make you wish you'd found some other way to raise money or wait until you get paid:

**1. Payday loans are incredibly expensive.** Your most expensive credit card may have an interest rate of 28 percent or 36 percent – tops. How does an interest rate more than 10 times that high sound? If a \$100 payday loan costs you \$15 for 10 days, that's an annual percentage rate of almost 400 percent. Payday lenders are most prevalent in neighborhoods where a significant number of residents cannot qualify for mainstream loans. It's easy money, but Connolly cautions, "accepting money with no credit check has its price, and it's called interest."

**2. You can get stuck in a repeat cycle.** Some of the more reputable short-term lending operations try to prevent this by maintaining a database of customers to help prevent rollovers, according to Stephen Altobelli, who represents Financial Services of America. "There are good payday loan operators and bad operators," he says.

Nonetheless, according to Center for Responsible Lending research, 76 percent of payday loans are to pay off old payday loans. The nonprofit consumer group also reported that even though most payday loans are to be paid within two weeks, on average the borrower stays in debt for more than half a year.

"When the day arrives that you have to pay the loan, you usually have two options: pay off the loan or pay a fee and roll over the loan for another two weeks," says Connolly.

**3. Debt grows fast at these rates.** "You will most likely end up paying three, four or even 10 times the amount you originally borrowed. Debt created by payday loans will often quadruple in just one year," says Connolly. "One tiny mistake can mean lifelong debt."

**4. Payday loans are too easy.** It takes time to apply for most other loans or credit cards. You can get a payday loan on your lunch hour – giving you little time to think it over or consider other solutions, including not spending the money at all.

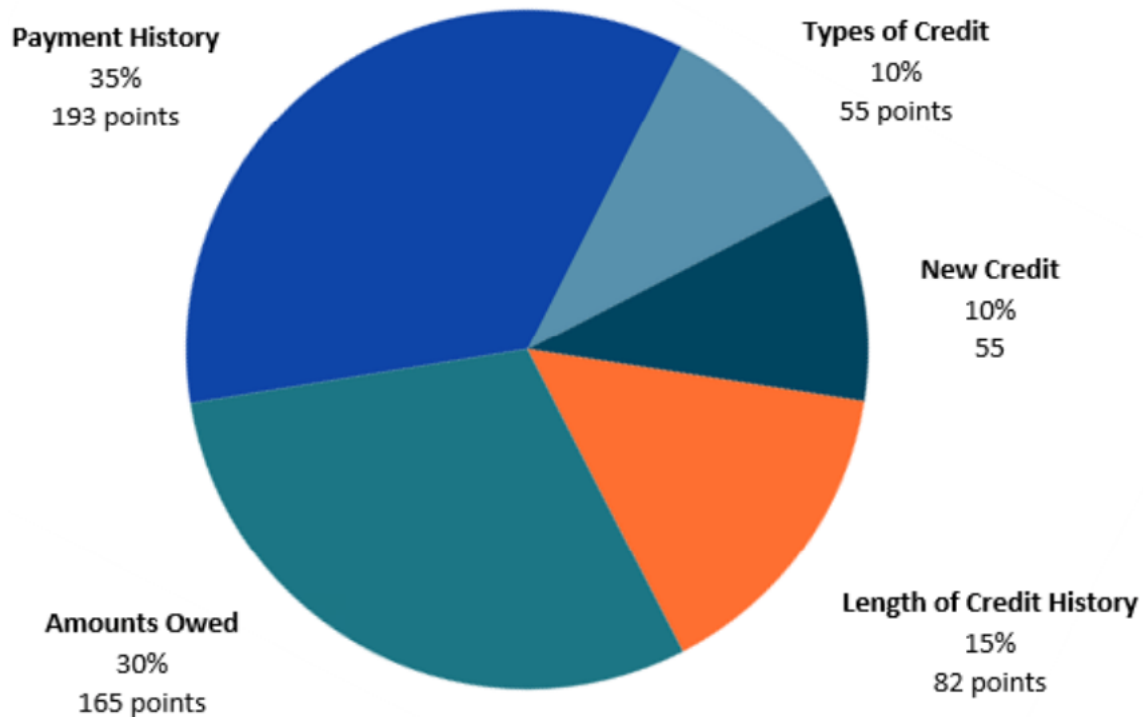
Payday loans carry no right of recession, either. That means if you change your mind shortly after you sign the papers or if your spouse convinces you to call it off, that's too bad. You can't back out.

**5. Many payday loan companies require access to your bank account.** As a "customer service", they say they will take the money right out of your account. You don't even have to write them a check! Good luck trying to get that stopped, however, when the balance has grown and you can't afford to pay it back and still afford your basic living expenses. If they just keep trying to shove their payment through, you'll get overdraft fees from your bank, too.

**6. The day of reckoning, when you owe more than you can repay, can be unpleasant.** Some payday loan companies have a reputation for horrendous debt collection practices. The Fair Debt Collection Practices Act should protect you from late night calls, threats of criminal prosecution, harassing you or your neighbors in person and other egregious violations of your rights.

Remember, however, that payday loan companies deal mostly with people who can't get loans through mainstream channels. According to Kristen Hagopian, radio talk show host and author of "Brilliant Frugal Living." Payday loans also carry substantial risk to the lender with a default rate of 10 percent to 20 percent. These lenders are used to dealing very, very aggressively when people don't pay loans back as they promised.

If you write a check to be deposited later, and you don't have enough funds to cover it when it gets to the bank both your bank and your payday lender will probably charge you bounced check fees.



- **Payment History (35%)** – late payments, judgements, bankruptcy, and tax liens can lower your score.
- **Amounts Owed (30%)** – maxing out your credit cards can lower your score.
- **Length of Credit History (15%)** – long relationships with banks and credit unions have a positive influence on your score
- **New Credit (10%)** – too many inquiries in response to applications for credit within a short period of time can lower your score because it suggests you are frantic for credit and/or may soon be overextended.
- **Types of Credit Use (10%)** – too many open lines of credit (i.e. credit card retail accounts, installment loans, mortgage accounts) can lower your score. Loans from finance companies generally lower your score, especially when there are no other types of credit reported.
- **300 baseline points**

#### Generally accepted rankings for credit scores:

Excellent	720-850
Good	640-719
Fair	550-639
Poor	549 and below

Suggested Financial Websites to help you save money, track goals, and earn competitive rates:

- [www.mint.com](http://www.mint.com)
- [www.moneyaisle.com](http://www.moneyaisle.com)
- [www.smartypig.com](http://www.smartypig.com)
- [www.bankrate.com](http://www.bankrate.com)
- [www.banxquote.com](http://www.banxquote.com)
- [www.bloomberg.com](http://www.bloomberg.com)
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## FREE CREDIT SCORE

www.creditkarma.com

### **Is Credit Karma a Credit Bureau or Credit Reporting Agency?**

No. Credit Karma is not a credit bureau or credit reporting agency. It does not maintain or calculate your score. It acts as an agent in retrieving your score from a Credit Bureau.

### **Will using Credit Karma lower my credit score?**

No. Credit Karma is making the credit score request on your behalf. Inquiries made on your behalf will not be shown to creditors and will not affect your credit score.

### **I received a credit score from another service and it was different. Why is that?**

There are many different types of credit scores available from different lenders, credit bureaus, and credit score providers. The three major credit bureaus each offer their own brand of credit score, such as TransUnion's TransRisk score, based on their individual proprietary models for calculating a credit score. Each credit score model derives information from your credit report as provided by that particular bureau, and credit report data can also vary from bureau to bureau. Additionally, independent companies such as Fair, Issac and Company and its FICO score, distribute their own credit score based on their proprietary model that takes into consideration credit reports from all three major credit bureaus. Credit Karma provides the TransRisk New Account Score, Vantage Score, and Auto Insurance Risk Score from TransUnion. The common thread among all credit score models is that they are a measurement of your creditworthiness, each with their own scale, factors, and credit report data taken into consideration. It is hard to say which model is superior, but picking a single credit score model and tracking it over time will help you understand and manage your credit health.

**a. TransRisk New Account Score:** Calculated by TransUnion using their proprietary scoring model and is the original credit score provided on Credit Karma.

**b. Vantage Score:** Is based on the scoring model developed to help better assess consumers' creditworthiness. It is calculated by using the Vantage Score model, developed jointly by all three major credit bureaus. The model primarily weighs your payment history, credit utilization, outstanding balances, length of credit history, recent credit, and available credit to calculate your credit score.

**c. FICO Score:** FICO Score models tend to be different between each bureau, resulting in slightly different FICO scores from each bureau. There is no consistent scoring methodology. Older, more traditional scoring models tend to weigh credit history heavily, which leaves many consumers unable to receive a credit score because of their lack of credit history, also known as "thin file" status. Getting a FICO score tends to be expensive, leading to higher costs for banks and consumers to monitor their credit health.

**d. Auto Insurance Score:** Is a numerical measurement of the risk a consumer may pose to an insurance company, more specifically your likelihood of filing a claim that will result in losses for the insurer. This score is calculated from data derived from a consumer's credit report.

### **Free Credit Reports for Ohio Residents**

In March 2005, the Ohio Attorney General encouraged consumers to take advantage of a new law: the Fair & Accurate Credit Transaction Act (FACT). This law entitles Ohio residents to receive a free credit report every 12 months from each of the nationwide credit reporting companies:

Equifax, Experian and TransUnion

Consumers can obtain their free credit reports by visiting:

**[www.annualcreditreport.com](http://www.annualcreditreport.com)**

or by calling toll-free: **(877) 322-8228**

## SECURE CREDIT CARD

Secured credit cards can help establish or rebuild your credit history. Unlike prepaid cards, secured credit cards give you a credit line, and your payment activity will be reported to the major credit bureaus.

A secured card requires a cash collateral deposit that becomes the credit line for that account. For example, if you put \$500 in the account, you can charge up to \$500. You may be able to add to the deposit to add more credit, or sometimes a bank will reward you for good payment and add to your credit line without requesting additional deposits.

You can find secured credit card issuers via the internet, possibly your local bank or if you're a credit union member, ask about a secured card there. Many credit unions offer secured cards to their members and may offer lower interest rates and waive annual fees.

Look for a card that doesn't charge an application fee. Most secured cards charge an annual fee, and the fees will vary. Read the fine print. Some people have gotten secured cards and found their entire limit consumed with fees before they ever used the card.

## THE TOP 10 SECURED CREDIT CARDS

### #1: Navy Federal Credit Union nRewards Secured Card

The APR is a variable 8.99 percent, you get one point for every dollar spent, and there's no annual fee. The downside, though, is that to be eligible for this card, you have to be in the military or related to someone who is.

### #2: SDFCU Savings Secured Visa Platinum Card

You get a variable rate of 6.99 percent, which is spectacular for this category. There's also a rewards program. You get 1 Flexpoint for every dollar spent. There's no annual fee and it also comes with a chip.

### #3: USAA Secured Credit Cards

You get a variable rate of 9.9 percent, which is almost as awesome as the APR for the top-rated Navy Federal card. Unfortunately, it shares the same downside, to be eligible for this card, you have to be in the military or related to someone who is.

### #4: Discover it Secured Credit Card

You get the same rewards as the unsecured version and there's no annual fee. The rate is a little high. You get a variable 22.99 percent APR. Don't carry a balance, though, and you can get rewards while rebuilding credit.

### #5: Capital One Secured MasterCard Credit Card

You get a variable rate of 24.9 percent with no annual fee. Don't carry a balance and this is a low-cost card.

### #6: Wells Fargo Secured Card

You get a variable rate of 18.99 percent. The annual fee is \$25 per year. If you use the card responsibly, you'll be considered for an unsecured credit card.

### #7: Bank Americard Secured Visa Credit Card

You get a variable rate of 20.24 percent. The annual fee is \$39 per year. If you use the card responsibly, you'll be considered for an unsecured credit card.

### #8: U.S. Bank Secured Visa Card

You get a variable rate of 20.99 percent. The annual fee is \$35 per year. After 12 months of responsible use, you'll be considered for an unsecured credit card.

### #9: Citi Secured Mastercard

You get a variable rate of 21.99 percent. The annual fee is \$25 per year.

### #10: DCU Visa Platinum Secured Credit Card

You get a variable rate of 11.50 percent. There's no annual fee. After your credit history and score improve, you'll be considered for an unsecured credit card.

## SECURITY FREEZE INFORMATION

**Effective September 1, 2008**, Ohio's new law requires consumer reporting agencies to offer consumers the opportunity to get a security freeze. Consumers can request a Security freeze by writing or contacting all three major consumer reporting agencies using whichever methods they approve.

Under the new Ohio law, the consumer reporting Agency is not allowed to charge any fees to victims of identity theft for placing a security freeze on a credit report. To prove you are a victim, you must also send a valid copy of a police report documenting your identity theft complaint. Otherwise, you must pay a charge of \$5 for each placement, temporary lift, or removal of a security freeze. If you lose your PIN, you may be charged \$5 for a replacement. Identity theft victims may still be charged for temporary lifts, renewals, or PIN replacements. A security freeze prohibits, with certain specific exceptions, the consumer reporting agency from releasing the consumer's credit report or any information from it without the express authorization of the consumer. To obtain more detailed information on how to place a security freeze on your credit report, see below.

**How to "FREEZE" your credit:** A security freeze means that your file cannot be shared with potential creditors. A security freeze can help prevent identity theft. Most businesses will not open credit accounts without first checking a consumer's credit history. If your credit files are frozen, even someone who has your name and Social Security number probably would not be able to obtain credit in your name.

**How do I place a security freeze?** To place a freeze in Ohio, you must write to each of the three major consumer reporting agencies. There is a \$5 fee to place a security freeze. There will be no fee if you provide proof that you are a victim of identity theft. Write to all three addresses below and include the information that follows:

### **Equifax Security Freeze**

PO Box 105788  
Atlanta, GA 30318

### **Experian Security Freeze**

PO Box 9554  
Allen, TX 75013

### **TransUnion Security Freeze**

PO Box 6790  
Fullerton, CA 92834-6790

### **For cash, you must:**

- Send a letter by certified mail, or by other methods allowed by the consumer reporting agencies.
- If you are a victim of identity theft, you must include a copy of your police report concerning identity theft.
- Provide your full name (including middle initial as well as Jr., Sr., II, III, etc.)
- Provide any name you previously used
- Provide current and recent full addresses, including street address, apartment number, city, state, and zip code.
- Provide your Social Security number.
- Provide your date of birth.
- Send a photocopy of a government issued identification card (state driver's license or ID card, military identification, etc.)
- If applicable, include payment by check, money order or credit card (Visa, MasterCard, American Express or Discover cards only).

**How long does it take for a security freeze to go into effect?** The consumer reporting agency must place the freeze within three (3) business days and send a confirmation letter with PIN or password within five (5) business days. Keep this PIN or password in a safe place. Under the new Ohio law, there is a \$5 replacement fee for a lost PIN or password.

**Can I open new credit accounts if my files are frozen?** Yes. You can have a security freeze lifted for a temporary period of time. There is a \$5 charge for either temporarily lifting the security freeze or allowing a specific creditor to access your credit report. The steps to do as are as follows:

- Contact the consumer reporting agencies above.
- The manner by which you contact them is determined by them, but it may be by way of mail, telephone, fax, or an electronic method.
- You must provide proper identification.
- You must provide your unique PIN or password.
- You must include during what time period your credit report will be accessible (for example, August 1st to August 5th) or include which party you want the security freeze to be lifted for (for example, Sears).

**How long does it take for a security freeze to be lifted?** Credit bureaus must lift a freeze no later than three (3) business days from receiving your request. However, a credit bureau must temporarily lift a security freeze under reasonable circumstances within fifteen (15) minutes if the request is received via the electronic method selected by the agency between normal business hours.

**What will a new creditor who requests my file see if it is frozen?** A creditor will see a message or a code indicating the file is frozen.

**Can a new creditor get my credit score if my file is frozen?** A creditor who requests your file from one of the three consumer reporting agencies will only get a message or a code indicating that the file is frozen.

**Can I order my own credit report if my file is frozen?** Yes.

**Can anyone see my credit file if it is frozen?** When you have a security freeze on your credit file, certain entities still have access to it so long as they use the information for "other than credit related purposes". For example, your report can still be released to your existing creditors or to collection agencies, acting on their own behalf. They can use it to review or collect on your account. Government agencies may also have access in the response to a court or administrative order, a subpoena, or a search warrant.

**Do I have to freeze my file with all three credit bureaus?** Yes. Different credit issues may use different consumer reporting agencies. If you want to stop your credit file from being viewed, you must freeze it with Equifax, Experian, and TransUnion.

**If more than one person in my household wants to request a security freeze, do we each have to request a separate security freeze?** Yes. Because each person has an individual credit history and credit reporting file, each person must make a separate request to place, lift, or remove a security freeze. Each person also must pay any applicable fees.

**Will a freeze lower my credit score?** No.

**Can an employer do a background check on my credit file?** Yes. There is an exemption for non-credit related use of your credit.

**Does freezing my file mean that I won't receive pre-approved credit offers?** No. You can stop the pre-approved credit offer by calling 888-5OPTOUT (888-567-8688). You can also do this online at [www.optoutprescreen.com](http://www.optoutprescreen.com). This will stop prescreened offers. It is good for five years or you can make it permanent.

**What law requires security freezes?** The Ohio security freeze law is Ohio Rev. Code sec. 1349.52



## IDENTITY THEFT – HOW TO PROTECT YOURSELF NOW

There's a lot of advice about how to deal with identity theft these days – some helpful, some unrealistic, and some a little ridiculous. We've done the research for you and present the following easy-to-do, indispensable steps. These items should be considered MUST-DOs if you're serious about minimizing the effect identity theft can have on your life.

### **1. Don't leave printed personal and/or financial information lying around at home.**

This is a no-brainer, right? Yet more often than not, identity thieves are friends or relatives of the victim who get their personal information offline – not electronically. Keep checkbooks, social security information, billing information, and anything else a thief could use to steal your identity out of sight and secure.

### **2. Minimize the risks posed by mail theft.**

Shred bank and credit statements and credit card offers by hand before throwing them away. Even better, get a crosscut shredder. Don't mail checks from your home mailbox. Instead, drop them off at a U.S. Mailbox or the U.S. Post Office. Also, have new checks delivered to your bank, not your home.

### **3. Get and review your bank statements electronically.**

View your personal finance statements electronically at least twice a month. By doing this, you will spot a fraud much sooner if it happens. Catching a fraud early minimizes the damage thieves can do and usually results in less time and money spent resolving problems.

### **4. Subscribe to a service that will provide you with a copy of one of your credit reports and FICO® scores on a regular basis.**

By monitoring your report and your FICO score for any changes you can't account for, you'll know if someone has applied for credit in your name.

### **5. Check and review your FICO scores and credit reports at least once a year.**

When you look at your reports, make sure you recognize all the account information first. If you see anything you can't account for, get to the bottom of it as soon as you can. As with electronic statements, checking your FICO scores and credit reports is one of the most sure-fire ways to spot a fraud quickly and minimize any damage done.

### **6. Avoid giving out your Social Security number whenever possible.**

Your SSN is the key to your credit reports and banking accounts and is the prime target of criminals. Anyone who already has your social security number (along with other information) already poses a risk: your doctor's office, accountants, lawyers, loan officer, health insurance, schools, courts, etc. Shady employees at any of these places could steal your identity, so be very choosy about to whom you entrust it in the future. Never put your social security number on your checks or your credit receipts. If a business requests your SSN, ask to give them an alternate number (such as a driver's license) instead and tell them why. If a government agency requests your social security number, there must be a privacy notice accompanying the request.

### **7. Secure your home computer.**

Install a firewall and buy virus-protection software, and if you dispose of a PC, remove your data with a "wipe" utility program (erasing files manually isn't the same thing).

### **8. Be smart about choosing passwords.**

When choosing passwords, assume that someone already has a bunch of your personal information and is trying to break into your accounts. Don't use the same password for all your accounts. Avoid using your SSN (or even a part of it), you or your mom's maiden name, birth date, middle name, pet's name or consecutive guessable numbers for passwords. If you have trouble remembering hard-to-guess passwords, write them down and keep them somewhere secure - hide them in a locked drawer, for example. It's a bit of a hassle, but it's nothing compared to having your identity stolen.

## **SIGNS OF IDENTITY THEFT TO WATCH OUT FOR:**

**1. Unexpected phone calls from creditors.** If you get a call from a creditor demanding payment for a purchase no one in your family can account for have the caller give you all the information possible and investigate.

**2. Strange credit card charges.** It's easier to spot these if you keep all your receipts and reconcile them with your statements each month.

**3. Getting turned down for credit unexpectedly.** This is one of the more common ways victims discover they've been victimized - don't be one of them. Subscribe to a service that will provide you with a copy of one of your credit reports and FICO scores on a quarterly basis.

**4. Account usernames and passwords or ATM PINs stop working.** This suggests that an identity thief may have changed your access codes.

**5. Missing bills.** If you're used to getting billed for services you subscribe to and the bills stop arriving, it could mean an identity thief has changed your address in order to use bank accounts without raising suspicion.

**6. Strange information in your files.** If information in a personal file definitely does not match up with you, it could be simply a case of mistaken identity -- or it could be more than an innocent mistake. One way to help avoid mistaken identity problems is to use your middle name or middle initial on applications to help distinguish you from others who have the same name.

## **WHAT TO DO IF IDENTITY THEFT STRIKES**

### **1. Call the credit bureaus and get their help.**

TransUnion Fraud Assistance Department: 800-680-7289

Call the number above. In 24 hours or less, a fraud alert will be put on all your credit reports, alerting creditors to call for permission before opening any accounts in your name. Unfortunately, creditors aren't required by law to pay attention to fraud alerts, so you'll have to check your credit reports frequently to make sure no new accounts are opened. If you live in California, Texas, Louisiana, or Vermont, however, you do have the right to put a credit freeze on your account – this will stop any attempt to open new accounts in your name. When you get your credit reports, make a note of your account number – you'll need it when you talk to the agencies. Also, add a victim's statement to each of your credit bureau reports asking creditors to contact you in person to verify all applications made in your name.

### **2. Report the crime to all relevant authorities.**

Call your local police department. Make sure the police report lists all fraudulent accounts. Give as much information as possible. Get a copy of the police report and send it to the creditors and credit-reporting agencies as proof of the crime. Notify the Postal Inspector if you suspect mail theft. Contact the FTC at (877) 438-4338. Fill out the ID Theft Affidavit at the FTC's Website, make copies and send to creditors. The agency also has an online complaint form. While their investigators only tend to pursue larger fraud cases, the FTC does monitor all levels of identity theft crimes to find patterns and break up bigger identity theft rings. Notify the Office of the Inspector General if your social security number has been used fraudulently. Request a copy of your Personal Earnings and Benefits Statement and check it for accuracy

### **3. Report all fraudulent transactions to creditors.**

Contact creditors for any accounts that have been tampered with or opened without your knowledge. Be sure to put your complaints in writing. Ask each creditor to provide you and your investigating law enforcement agency with copies of the documents showing fraudulent transactions. You may have to fight to get this documentation, but don't give up. You'll need these to help track down the perpetrator.

### **4. Keep a log of everything you do to resolve problems.**

Finally, create a log of all the contacts you make with authorities regarding the matter. Write down each person's name, title, and phone number in case you need to re-contact them or refer to them in later correspondence.

## **TIPS FOR RETIREMENT SAVINGS**

Set a Goal – "I think I can save \$20 a paycheck". It's easy to procrastinate so set up a "painless" payroll deduction for saving. It doesn't matter if the money goes into a 401(k) plan, an IRA or into a plain, old-fashioned savings account, just start saving. You can start with a small amount and increase it whenever your circumstances allow like when you get a raise, your car payments end or you get a bonus. Pay yourself now, you'll thank yourself later.

Open an IRA – IRAs are easy to get, easy to contribute to and easy to save with. Most Americans can set up an IRA – whether it's a traditional IRA or a Roth IRA – and save on taxes. Talk with your bank or financial institution.

An IRA is an Individual Retirement Account. An IRA is a personal savings plan that provides income tax advantages to individuals saving money for retirement purposes. You invest money in an IRA, up to the amounts allowable under the tax law. These investments are termed "contributions." In many instances an income tax deduction is available for the tax year for which the funds are contributed. The contributions, as well as the earnings and gains from these contributions, accumulate tax-free until you withdraw the money from the account. You therefore enjoy the ability to generate additional earnings, unreduced by taxes on these earnings, each year the funds remain within the IRA.

The withdrawals of the funds from the IRA are termed "distributions". Distributions are subject to income taxation, generally in the year in which you receive them. (Remember, in most cases you received an income tax deduction when you contributed the money to IRA).

Because the original purpose of the IRA is to assist you in providing for your own retirement, there is a discouragement for withdrawing your IRA funds prior to an assumed retirement age of 59-1/2. This discouragement takes the form of a tax "penalty" in the amount of 10% of the distributions received by you prior to age 59-1/2, unless certain exceptions apply. Given the complexity of this issue alone, professional advice should be obtained whenever significant amounts of distributions are needed prior to age 59-1/2. The fact is that many times the penalty can be avoided with proper planning. These distributions are subject to income taxation upon receipt.

Learn About Your Employer's Retirement Plan – If you are covered under your employer's retirement plan, your employer is required to give you a plain language explanation of the plan called a "summary plan description". It describes your rights under the retirement plan. To get a summary plan description, ask the plan administrator or your employer.

Review Your Individual Benefit Statement – Your individual benefit statement shows your total plan benefits and the amount that is vested, or fully owned by you. To get an individual benefit statement, ask your plan administrator or employer.

Sign Up for 401(k) Contributions – If you are covered under a 401(k) plan, you may have to designate the amount of money you want taken out of your salary and contributed to your 401(k) account.

Take Your Required Minimum Distributions – If you are 70-1/2, you are generally required to receive a required minimum amount from your qualified retirement plan or IRA by year-end.

Review Your Social Security Statement – The Social Security Administration likely sends you a Social Security Statement each year about three months before your birthday. This statement is your personal record of earnings on which you have paid Social Security taxes and a summary of estimated benefits you and your family may receive as a result of those earnings. These benefits include retirement benefits and protection in case you become disabled or die before retirement age. For more information and to request a Social Security Statement go to [www.ssa.gov](http://www.ssa.gov).

Learn About Your Spouse's Retirement Plan – Many retirement plans provide benefits for spouses. For example, your spouse's plan may provide that you will receive an annuity unless you consent to distribution in another form. Before signing, read and understand any waiver or consent forms for your spouse's retirement plan distributions.

Long Term Care Insurance – Long term care is the type of care needed to help you perform daily activities if you had an ongoing illness or disability. This includes the kind of care needed if you had a severe cognitive problem like Alzheimer's disease. This type of care is not received in hospitals, nor is it meant to cure you. It is chronic care that you may need for the rest of your life. You may be able to receive this care in your own home, at a nursing home, or other long term care facility.

Financial Advisor – As with any complex undertaking, especially one that faces the prospect of regular changes in the tax code that will alter your expected outcomes, a professional advisor can provide significant help. A financial advisor is uniquely qualified to help you coordinate your assets and liabilities to create a plan that will help you reach your goals and live the life you desire.

A good financial planner will help you coordinate all of the areas of your financial life (protection, savings and growth) and work with your broker lawyer, accountant, and other advisors and develop the best overall strategies for you. A good planner is an essential member of your personal team.

## Top 10 Scams Targeting Seniors

Financial scams targeting seniors have become so prevalent that they're now considered "the crime of the 21st century." Why? Because seniors are thought to have a significant amount of money sitting in their accounts. Financial scams also often go unreported or can be difficult to prosecute, so they're considered a "low-risk" crime. However, they're devastating to many older adults and can leave them in a very vulnerable position with little time to recoup their losses. It's not just wealthy seniors who are targeted. Low-income older adults are also at risk of financial abuse. And it's not always strangers who perpetrate these crimes. Over 90% of all reported elder abuse is committed by an older person's own family members, most often their adult children, followed by grandchildren, nieces and nephews, and others.

Review our list below, so you can identify a potential scam.

**1. Health Care Medicare/health Insurance Fraud:** Every U.S. citizen or permanent resident over age 65 qualifies for Medicare. So there is rarely any need for a scam artist to research what private health insurance company older people have in order to scam them out of some money. In these types of scams, perpetrators may pose as a Medicare representative to get older people to give them their personal information, or they will provide bogus services for elderly people at makeshift mobile clinics, then use the personal information they provide to bill Medicare and pocket the money.

**2. Counterfeit Prescription Drugs:** Most commonly, counterfeit drug scams operate on the Internet, where seniors increasingly go to find better prices on specialized medications. This scam has been growing in popularity – since 2000, the FDA has investigated an average of 20 such cases per year, up from five a year in the 1990s. The danger is that besides paying money for something that will not help a person's medical condition, victims may purchase unsafe substances that can inflict even more harm. This scam can be as hard on the body as it is on the wallet.

**3. Funeral & Cemetery Scams:** The FBI warns about two types of funeral and cemetery fraud perpetrated on seniors. In one approach, scammers read obituaries and call or attend the funeral service of a complete stranger to take advantage of the grieving widow or widower. Claiming the deceased had an outstanding debt with them, scammers will try to extort money from relatives to settle the fake debts. Another tactic of disreputable funeral homes is to capitalize on family members' unfamiliarity with the considerable cost of funeral services to add unnecessary charges to the bill. In one common scam of this type, funeral directors will insist that a casket, usually one of the most expensive parts of funeral services, is necessary even when performing a direct cremation, which can be accomplished with a cardboard casket rather than an expensive display or burial casket.

**4. Fraudulent Anti-Aging Products:** In a society bombarded with images of the young and beautiful, it's not surprising that some older people feel the need to conceal their age in order to participate more fully in social circles and the workplace. After all, 60 is the new 40, right? It is in this spirit that many older Americans seek out new treatments and medications to maintain a youthful appearance, putting them at risk of scammers. Whether it's fake Botox, like the one in Arizona that netted its distributors (who were convicted and jailed in 2006) \$1.5 million in barely a year, or completely bogus homeopathic remedies that do absolutely nothing, there is money in the anti-aging business. Botox scams are particularly unsettling, as renegade labs creating versions of the real thing may still be working with the root ingredient, botulism neurotoxin, which is one of the most toxic substances known to science. A bad batch can have health consequences far beyond wrinkles or drooping neck muscles.

**5. Telemarketing:** Perhaps the most common scheme is when scammers use fake telemarketing calls to prey on older people who as a group make twice as many purchases over the phone than the national average. While the image of the lonely senior citizen with nobody to talk to may have something to do with this, it is far more likely that older people are more familiar with shopping over the phone, and therefore might not be fully aware of the risk. With no face-to-face interactions, and no paper trail, these scams are incredibly hard to trace. Also, once a successful deal has been made, the buyer's name is then shared with similar schemers looking for easy targets, sometimes defrauding the same person repeatedly.

Examples of telemarketing fraud include:

**"The Pigeon Drop":** The con artist tells the individual that he/she has found a large sum of money and is willing to split it if the person will make a "good faith payment" by withdrawing funds from his or her bank account. Often, a second con artist is involved, posing as a lawyer, banker, or some other trustworthy stranger.

**"The Fake Accident Ploy":** The con artist gets the victim to wire or send money on the pretext that the person's

child or another relative is in the hospital and needs the money.

**“Charity Scams”:** Money is solicited for fake charities. This often occurs after natural disasters.

**6. Internet Fraud:** While using the Internet is a great skill at any age, the slower speed of adoption among some older people makes them easier targets for automated Internet scams that are ubiquitous on the web and email programs. Pop-up browser windows simulating virus-scanning software will fool victims into either downloading a fake anti-virus program (at a substantial cost) or an actual virus that will open up whatever information is on the user’s computer to scammers. Their unfamiliarity with the less visible aspects of browsing the web (firewalls and built-in virus protection, for example) make seniors especially susceptible to such traps. One example includes:

**Email Phishing Scams:** A senior receives email messages that appear to be from a legitimate company or institution, asking them to “update” or “verify” their personal information. A senior receives emails that appear to be from the IRS about a tax refund.

**7. Investment Schemes:** Because many seniors find themselves planning for retirement and managing their savings once they finish working, a number of investment schemes have been targeted at seniors looking to safeguard their cash for their later years. From pyramid schemes like Bernie Madoff’s (which counted a number of senior citizens among its victims) to fables of a Nigerian prince looking for a partner to claim inheritance money to complex financial products that many economists don’t even understand, investment schemes have long been a successful way to take advantage of older people.

**8. Homeowner/Reverse Mortgage Scams:** Scammers like to take advantage of the fact that many people above a certain age own their homes, a valuable asset that increases the potential dollar value of a certain scam. A particularly elaborate property tax scam in San Diego saw fraudsters sending personalized letters to different properties apparently on behalf of the County Assessor’s Office. The letter, made to look official but displaying only public information, could identify the property’s assessed value and offer the homeowner, for a fee of course, to arrange for a reassessment of the property’s value and therefore the tax burden associated with it. Closely related, the reverse mortgage scam has mushroomed in recent years. With legitimate reverse mortgages increasing in frequency more than 1,300% between 1999 and 2008, scammers are taking advantage of this new popularity. As opposed to official refinancing schemes, however, unsecured reverse mortgages can lead property owners to lose their homes when the perpetrators offers money or a free house somewhere else in exchange for the title to the property

**9. Sweepstakes & Lottery Scams:** This simple scam is one that many are familiar with, and it capitalizes on the notion that “there’s no such thing as a free lunch”. Here, scammers inform their mark that they have won a lottery or sweepstakes of some kind and need to make some sort of payment to unlock the supposed prize. Often, seniors will be sent a check that they can deposit in their bank account, knowing that while it shows up in their account immediately, it will take a few days before the (fake) check is rejected. During that time, the criminals will quickly collect money for supposed fees or taxes on the prize, which they pocket while the victim has the “prize money” removed from his or her account as soon as the check bounces.

**10. The Grandparent Scam:** The Grandparent Scam is so simple and so devious because it uses one of older adults’ most reliable assets, their hearts. Scammers will place a call to an older person and when the mark picks up, they will say something along the lines of: “Hi Grandma, do you know who this is?”. When the unsuspecting grandparent guesses the name of the grandchild the scammer most sounds like the scammer has established a fake identity without having done a lick of background research. Once “in”, the fake grandchild will usually ask for money to solve some unexpected financial problem (overdue rent, payment for car repairs, etc.) to be paid via Western Union or MoneyGram, which don’t always require identification to collect. At the same time, the scam artist will beg the grandparent “please don’t tell my parents, they would kill me”. While the sums from such a scam are likely to be in the hundreds, the very fact that no research is needed makes this a scam that can be perpetrated over and over at very little cost to the scammer.

#### **If you suspect you’ve been the victim of a scam...**

Don’t be afraid or embarrassed to talk about it with someone you trust. You are not alone, and there are people who can help. Doing nothing could only make it worse. Keep handy the phone numbers and resources you can turn to, including the local police, your bank (if money has been taken from your accounts), and Adult Protective Services. To obtain the contact information for Adult Protective Services in your area, call the Eldercare Locator, a government sponsored national resource line, at: 1-800-677-1116, or visit their website at: [www.eldercare.gov](http://www.eldercare.gov).