

Golden and Financially Empowered!

Financial Lessons for Seniors

Student Handout

Series: DRS Client Education (Part 2 of 4)
Webinar & Materials available at:

www.DebtReductionServices.org/Education/Webinars



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Financial Lessons for Seniors

As a veteran earth dweller, you have created great memories, built skills and gathered experiences over the years. Life may not stretch out in front of you like a blank canvas before a painter, but we, at Debt Reduction Services, Inc., hope that the future you paint for yourself is still beautiful and satisfying.

Unfortunately, we all make mistakes, and financial mistakes can seem among the most frustrating and dire of all. The good news is that there are resources we can all access for help, even in our golden years. The bad news is that, if ignored and not corrected, these missteps might transform themselves into habits and patterns of behavior that can drag us down an entirely different financial path in life.

The following information and activities form a part of our Financially Empowered series of programs for our credit counseling and debt management clients at specific periods in their lives. That said, this information can and should be shared with anyone going through similar challenges, as it can help smooth out the rocky path of financial lapses. In addition to these handouts, there is a companion pre-recorded webinar (approx. 45 minutes) and even a quiz (for credit toward a certificate of completion) available on the webinars page of our education site at www.DebtReductionServices.org.

Signs of Financial Trouble

The following is an abbreviated list of signs or indications that we are, or may soon be, in financial trouble. If you recognize any of these signs in your own life, now is the time to pay more attention to your finances or even to seek out a competent and trusted, third-party professional.

Debt

- You are carrying a balance on your credit card(s) or you have gone over your credit limit.
- You borrow from your children for living expenses, such as rent.
- You have a mortgage or home equity loan/line of credit that may not be paid off till you are in your 80s or 90s.
- You have cosigned a loan for a child, grandchild or other family member.
- You make only the minimum payments on your debts.
- You'd like a "Reverse Mortgage" but do not understand how it works.
- You're on fixed income but 15%+ of it goes toward transportation.
- You've taken out or are considering taking out a payday loan.

Banking, Savings & Bills

- You do not regularly balance your account statements.
- You have no checking account at a bank or credit union.
- Your debit cards purchases are regularly declined.
- You have no savings or very little savings.

Other

- Someone else is managing your accounts and bills.
- You frequently miss paying an obligation (bills, utilities, etc...)
- You have delayed doctor visits for financial reasons.
- You have pawned or are considering pawning possessions.
- You have to work to cover a car payment and/or a mortgage.
- You lose sleep due to financial worries.
- You have no savings or very little savings.
- You are pressured by strangers or family members to make an investment you do not understand.

Income Limited or Empowered?

There exist many reasons why some seniors struggle financially, beyond the reality that far too many of us enter our retirement years with little to no savings and investments to speak of. Many seniors feel limited in our options for dealing with financial challenges. Some of these limitations are choices and some are natural to our condition.

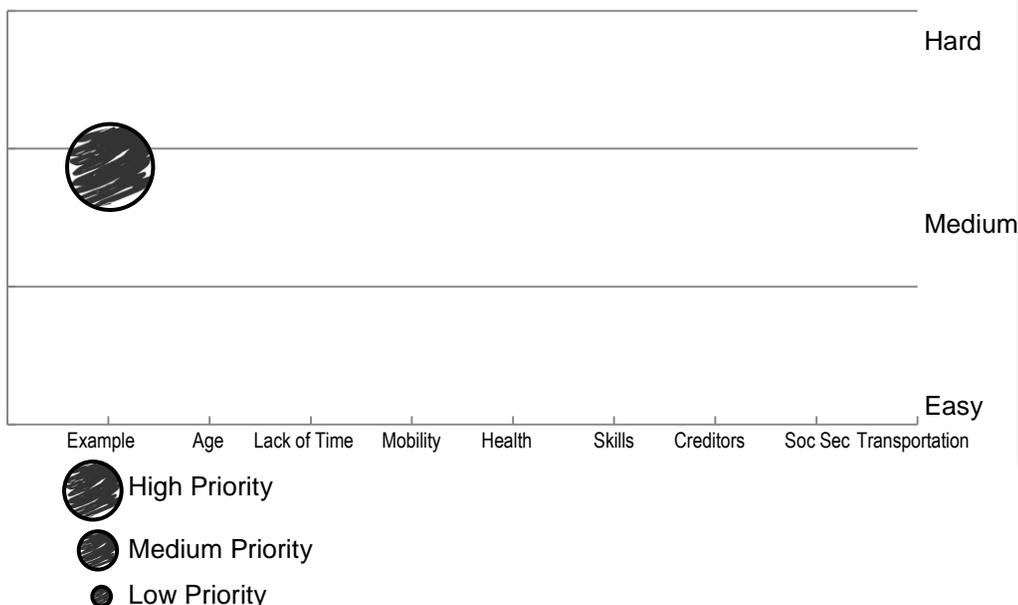
First, identify the following limitations to increasing your income as either a limitation of your own choice or a limitation imposed by nature or others. Mark the appropriate column with an X.

#	Limitation	MY Choice*	NO Choice**
1.	Age Discrimination/Employability		
2.	Lack of Time to Work		
3.	Physical Mobility		
4.	Physical/Health Issues		
5.	Skills & Knowledge		
6.	Threat of Creditors to Take my Home/Money		
7.	Threat to Social Security		
8.	Transportation		

*There are no wrong or right answers when it comes to choices. We each have the right to choose how to live our lives. At EVERY age, the challenge is to understand the consequences of our choices and make those choices that best fit our priorities.

**Having no choice in our circumstances is not the same as having a very difficult choice.

Next, **PRIORITIZE YOUR NEXT STEPS**. Draw a circle above the limitations on the chart below to indicate how important overcoming the limitation is for you. The larger the circle, the more important it is to you. Place the circle higher on the chart if you believe the choice will be difficult, and lower on the chart if it will be easy.



Debt Repayment Options

1. **Consolidation Loan**
You take out a new, single loan to pay off other loans. Typically the interest rates and/or length of loan will be significantly higher, meaning you'll pay more interest over time.
2. **Credit Counseling**
Third-party attempts to negotiate better interest rates, stops late and over-limit fees, and lower monthly payments. Typically takes 3-5 years. It is not a factor in the FICO credit rating model.
3. **Debt Settlement**
Third-party attempts to negotiate a lower principle balance after collecting fees and payments for 1-4 years. Rarely successful. Always hurts credit rating. Can lead to judgments and wage garnishments.
4. **File Bankruptcy**
Legal proceeding in federal court asking the government to protect your assets, possibly avoid foreclosure and protect your wages from garnishments.
5. **Ignore**
Ignoring bills, collection calls, and other correspondence from creditors typically leads to additional fees, increased credit rating damage, and higher anxiety.
6. **Pay Off as Agreed**
Making at least your minimum payments (in full is best) on time and according to your loan/credit agreement is the best thing you can do to build your credit rating and avoid the pain of penalty fees and collections.

Match Game: Senior Scam Edition

Are you prepared for the scammers that are coming your way? Match the number of the scammer's approach (on the left) with letter and the scam's common name (on the right).

#	Answer	Scam Name	(Location) Sample Scammer Approaches	
1.	_____	Counterfeit Prescription Drugs	(Church) "You're not going to believe this, but I've found an amazing opportunity. Could be a once-in-a-lifetime chance to get in on the ground floor!" Might involve foreign currency, a miraculous new nutritional supplement, or a newly discovered mineral deposit.	A
2.	_____	Fraudulent Anti-aging Products	(Email) "My husband, an exiled Nigerian prince, needs help setting up a US bank account. If you'll help, we're willing to share \$500,000 of it with you." "We need you to verify your online checking account login. We are concerned that your password may be compromised. Please follow the link below to verify your information."	B
3.	_____	Funeral & Cemetery Scams	(Funeral service) "I know this is a terrible time, but your husband and I had just completed a business deal for which I'm on the line now for tens of thousands of dollars. He assured me that his life insurance policy would cover my investment if anything were to happen..."	C
4.	_____	Homeowner/Reverse Mortgage Scams	(Mail) "Congratulations! We're thrilled to inform you that you have won the XYZ Lottery. To claim your prize, please return the enclosed form with your personal information in order to verify your identity and your bank account information for direct deposit of your winnings."	D
5.	_____	Investment Schemes	(Mortuary) "We know your loved one was well loved and respected and that you'll want to show that love and respect during the services. Let's show you our line of steel coffins/copper vault coverings/cremation containers..."	E
6.	_____	Medicare/Health Insurance Scams	(Online) "Botox at 75% off the normal price!"	F
7.	_____	Obituary Scam	(Online) Perform an Internet search for "buy discount prescription" and the results will likely bring up companies that sell fake medications or, worse, dangerous drugs.	G

#	Answer	Scam Name	(Location) Sample Scammer Approaches	
8.	_____	Phishing Scams	(Phone) “Ma’am, we have a \$250 Medicare refund check ready to send to you to cover the gap in your prescription charges. We just need to verify your address and your Medicare number.”	H
9.	_____	Repair fraud	(Phone) “Sorry to interrupt dinner, but our local first-responders association is in need of your support...”	I
10	_____	Sweepstakes & Lottery Scams	(Phone, Mail, Office) “Say goodbye to mortgage payments forever. In fact, you’ll RECEIVE mortgage payments every month for life! Just transfer your deed to us and we take care of the rest!”	J
11	_____	Telemarketing/Phone Scams	(Phone, with sobbing voice) “Hi Grandma, um, you know who this is, right?” ‘Jenny?’ “Yah, um, I need your help and I really hope you won’t tell Mom. But I’m about to be evicted and need a few dollars...” “I’ve been arrested for driving under the influence and I need money for bail.” “Immigration has detained me and I need money to process my case.”	K
12	_____	The “Grandparent” Scam	(Shop) “It looks like your tires are pretty bald and cracking. You’re going to need a new set.” OR “We’re in the neighborhood doing some driveway work and have some concrete left over. Would you be interested in a discounted repair of your walkway so we don’t waste our materials?”	L

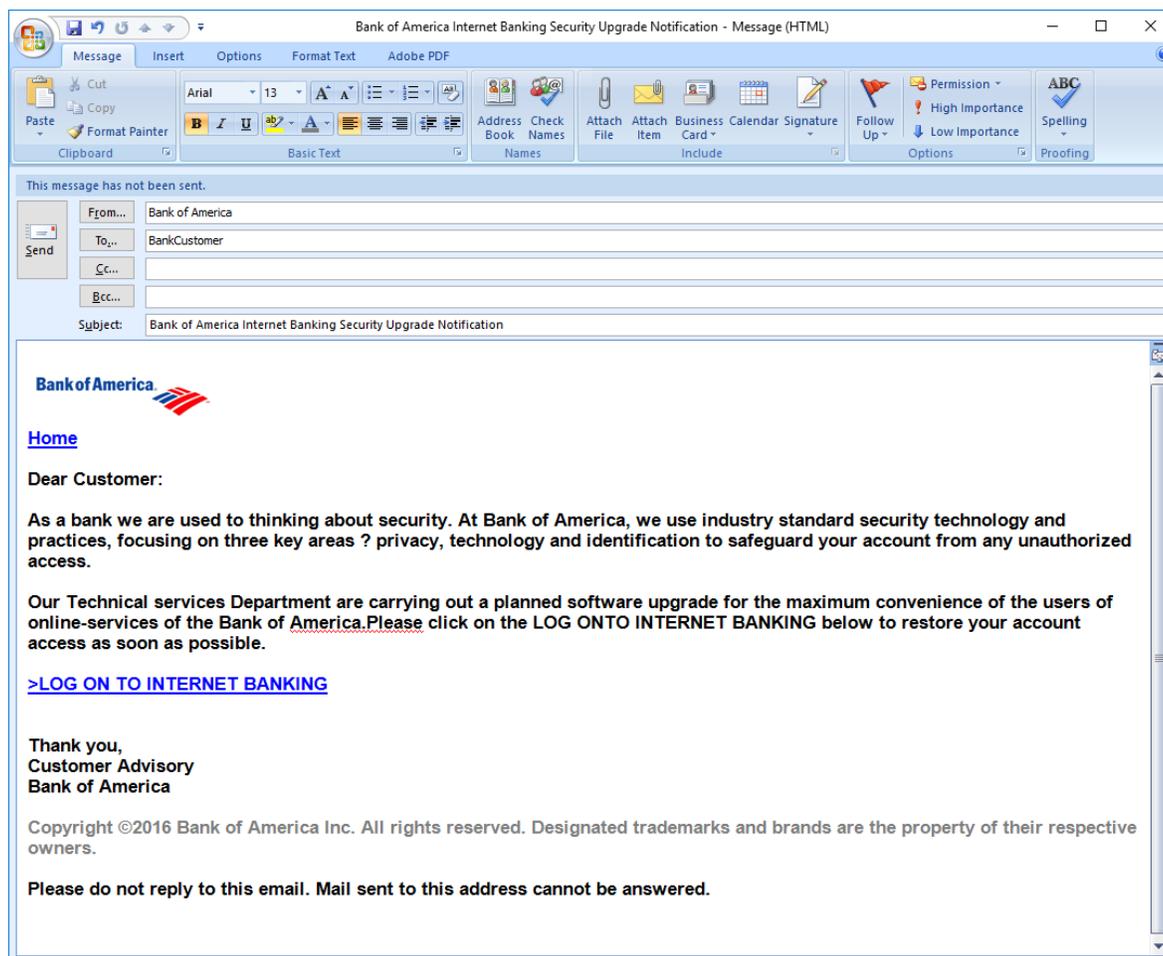
*Source: National Council on Aging

Answers: 1-G, 2-F, 3-E, 4-J, 5-A, 6-H, 7-C, 8-B, 9-L, 10-D, 11-I, 12-K

Recognizing a Phishing Email

Can you find 6 telltale signs of a fraudulent phishing email in the example below?

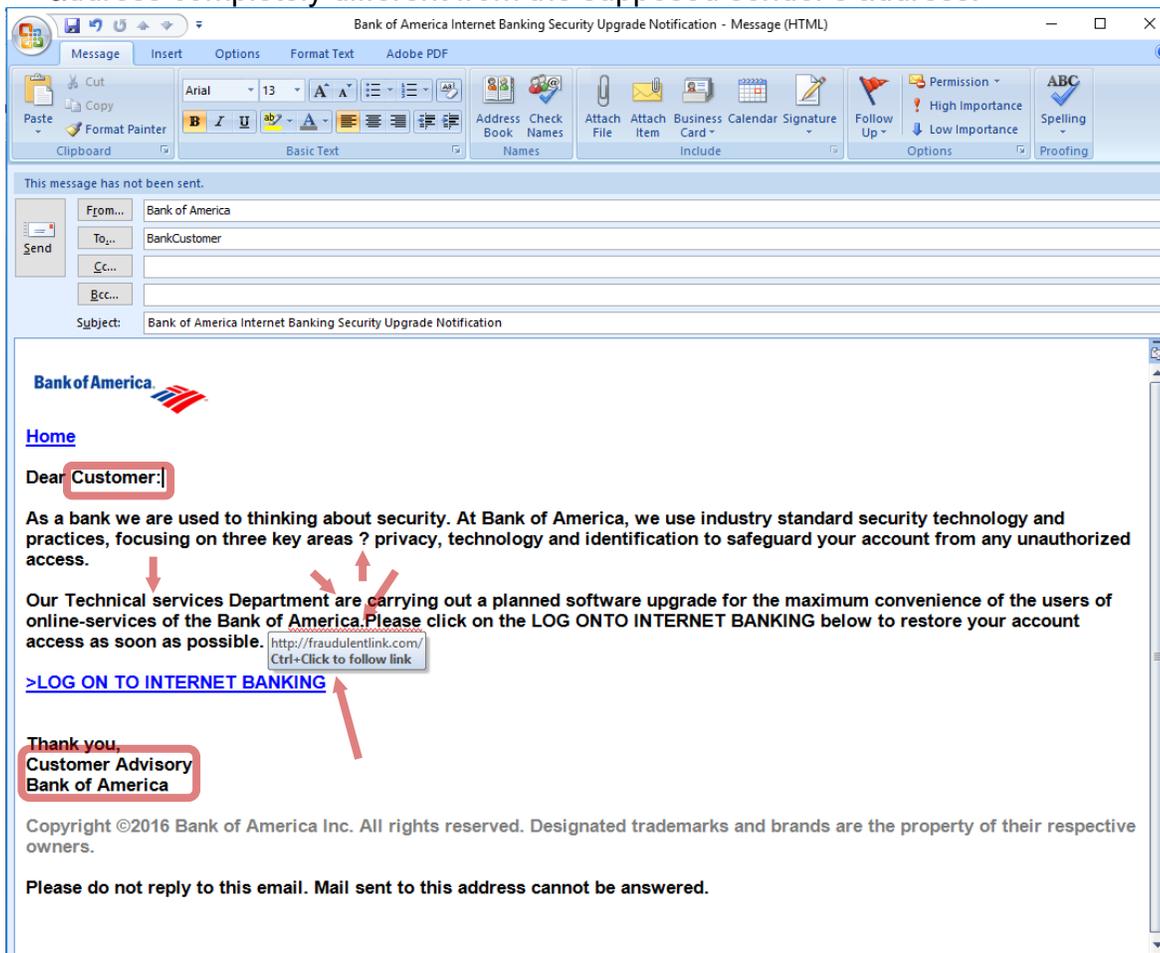
Circle, mark or otherwise note any suspicious language, formatting, etc.



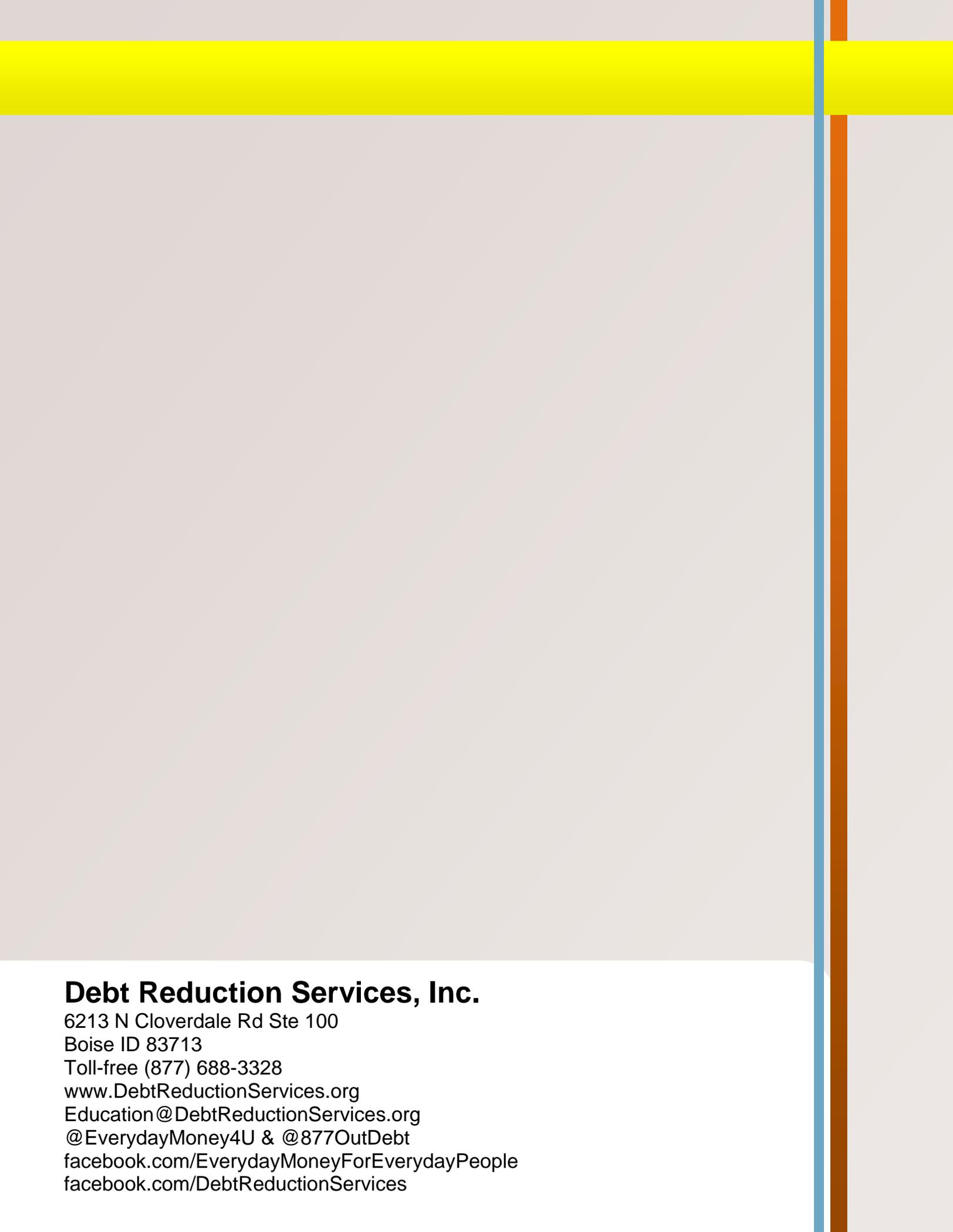
Telltale Signs of a Fraudulent Phishing Email

None of these signs of themselves indicate a fraudulent email, but taken together, they give the impression that the sender should have stayed in school and paid more attention in their English grammar class.

1. Generic greeting (“Customer”) rather than your name.
2. There is a space between the word, “area” and the question mark. This is actually correct use of punctuation in several foreign languages... but not in English. Besides, this was a statement, and not a question.
3. At the beginning of the second paragraph, “services” is not capitalized while the words on either side of it are.
4. There is an incorrect subject-verb agreement in the second paragraph between “Department” and “are.”
5. There is no space after the period following “America.”
6. There is no name or phone number in the signature field, just “Customer Advisory.”
7. BONUS: The “LOG ON” link, if you were to hover the mouse above it, would reveal a web address completely different from the supposed sender’s address.



Note that the email may appear to come from the correct business and that there is an up-to-date logo. Just because these are present in no way legitimizes the email.



Debt Reduction Services, Inc.

6213 N Cloverdale Rd Ste 100

Boise ID 83713

Toll-free (877) 688-3328

www.DebtReductionServices.org

Education@DebtReductionServices.org

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