

Resource Guide to Combating Senior Financial Abuse in Mississippi



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INTRODUCTION

Thousands of Mississippi seniors are abused and neglected each year. As the “baby boomer” generation ages, this problem will worsen. In 2000, Mississippi had 457,144 citizens 60 years or older. By 2025, the age 65 and older population is expected to be at 615,000 in Mississippi. (Census Bureau, Population Paper Listing 47)

Types of elder abuse and neglect and their indicators:

- **Physical Abuse**
 - Indicators such as beating, slapping, kicking, rough handling, or other abuse causing welts, cuts, burns, abrasions, sprains, bruises, dislocations, fractures or broken bones.
- **Neglect by Caregiver/Others**
 - Indicators such as lack of supervision, failure to give medicine, food or personal care, not attending to bed sores.
- **Self-Neglect**
 - Indicators such as inability to provide self-care (i.e. cook, eat, bathe), overmedication/undermedication, untreated medical or mental conditions, aimless wandering, causing fires.
- **Psychological/Emotional Abuse**
 - Indicators such as verbal threats or insults, cursing, belittling, withholding companionship or isolation.
- **Sexual Abuse**
 - Indicators such as Sexually Transmitted Diseases (STDs), pregnancy, bruises, bleeding, pain or itching in genital or anal areas, difficulty in walking or sitting.
- **Financial Abuse/Exploitation**
 - Indicators such as mismanaging money or stealing property, savings, credit cards, unusual activity in bank accounts, misuse of assets by a representative payee.

For the purpose of this publication, we will focus on financial elder abuse. There are usually three reasons why financial elder abuse happens:

- **Need or greed** – People who take advantage of elders usually have financial problems or act out of greed.
- **Opportunity** – Offenders often have opportunities to obtain an elder’s money or property by pressuring or otherwise influencing them or taking advantage of the trust, discretion or power that has been given to them.
- **A sense of entitlement** – Offenders also usually have a false sense of entitlement or, in other words, they believe that they “deserve” the money as the future heir or because they believe that older people in general don’t really need all their money.

We define financial abuse as the illegal or improper use of an elderly person's funds, property or assets. Financial abuse and exploitation wears many disguises. But the bottom line is that someone tries to get money, property and belongings from unsuspecting and elderly adults.

Abusers can be anyone: someone you know very well, a family member, a friend, a child, even a spouse. They may be someone you know just a little, such as someone who mows your lawn. It may be someone you have never met who has found out private information about you.

Many of us believe that we cannot become victims of abuse. We believe that we are savvy consumers, cautious with our money and on top of everything. Unfortunately, we are often the first target for devious people who spend their entire lives trying to figure out how to take advantage of us.

You may also know someone who is more vulnerable and more at risk than most of us. Perhaps they are isolated and lonely. Perhaps they do not have family members or other individuals who can help look out for them. Perhaps they have become confused and forgetful about things like money.

This resource guide provides some advice about what to do to protect you or someone you know from financial abuse. The goal is to give you the tools to prevent abuse, specifically financial abuse from happening to you and to give you places to turn to if you become a victim of abuse.

If you think you have been a victim of any type of abuse, please report it immediately. This guide will provide you with helpful resources in handling situations of abuse on the elderly.

An abused elderly person may fall under the definition of a vulnerable adult as defined in the Mississippi Vulnerable Adults Act of 1986 and discussed in this guide; however, all elderly persons will not fall under the definition of vulnerable adult.

The Mississippi Office of the Attorney General would like to thank the Oregon Department of Human Services, Department of Justice, Governor’s Commission on Senior Services, and the Department of Consumer and Business Services for allowing this office to utilize its “Preventing and Responding to Senior Financial Abuse in Oregon” publication to develop this guide for the elderly citizens of Mississippi.

MISSISSIPPI VULNERABLE ADULTS ACT OF 1986

It would be remiss of this agency to focus on elderly financial abuse and not discuss adult protective services and vulnerable adults. There are some elderly persons who are abused financially who would be considered a vulnerable adult in need of adult protective services as defined by the law. The following questions should be considered to determine whether an elderly person is considered a vulnerable adult and whether the person needs adult protective services.

What is Adult Protective Services?

Adult Protective Services (APS) includes the process of investigating allegations of abuse, neglect, and exploitation of vulnerable adults residing in private home settings, as well as any follow-up services provided to those vulnerable adults (by the Division of Family and Children's Services) as a result of the investigations.

The 1986 Mississippi Legislature enacted the "Mississippi Vulnerable Adults Act of 1986." The Act designates the Mississippi Department of Human Services as the state Agency to conduct investigations and/or evaluations pending the receipt of a report that a vulnerable adult, residing in a private home setting, is in need of protective services. The responsibility has been organizationally assigned by MDHS to its Division of Aging and Adult Services.

A "vulnerable adult" is defined in the Mississippi Vulnerable Adults Act of 1986 as:

- A person eighteen (18) years of age or older or any minor whose ability to perform the normal activities of daily living or to provide for his or her own care or protection is impaired due to a
 - mental, emotional, physical, developmental disability or dysfunction, or
 - brain damage, or
 - infirmities of aging.
- The term "vulnerable adult" also includes residents or patients, regardless of age, in a care facility.

Where does abuse occur?

Abuse may occur wherever a person lives, including but not limited to a person's own home, homes of family or friends, nursing facilities, assisted living facilities and foster homes.

Who should report abuse?

Everyone should report abuse. All citizens have a responsibility to protect those who cannot protect themselves. Reporters are crucial links to protect Mississippi's most vulnerable citizens. Mississippi law requires certain groups of people to be mandatory reporters.

The Vulnerable Adults Act mandates that any person, including but not limited to the following, who knows or suspects that a vulnerable adult has been or is being abused, neglected, or exploited, shall immediately file a report:

- Attorney, physician, osteopathic physician, medical examiner, chiropractic or nurse engaged in the admission, treatment or care of a vulnerable adult;
- Health professional or mental health professional;
- Social worker or other professional adult care, residential or institutional staff;
- State, county or municipal criminal justice employee or law enforcement officer;
- Human rights advocacy committee or long-term care ombudsman council member;
- Accountant, stockbroker, financial advisor or consultant, insurance agent or consultant, investment advisor or consultant, financial planner or officer of a bank, savings and loan, credit union or other financial services provider.

How do I report abuse?

Report abuse occurring in home settings or unlicensed facilities that do not require a license to operate (e.g. unlicensed boarding homes) by calling the local county Mississippi Department of Human Services, Adult Protective Services or the Child/Adult Abuse Hotline at **1-800-222-8000**.

Report abuse occurring within licensed care facilities (nursing home, personal care homes) to the Mississippi Department of Health at **1-800-227-7308** and the Mississippi Office of the Attorney General, Medicaid Fraud Control Unit at **1-800-852-8341**.

Are reports confidential?

The Mississippi Department of Human Services, Division of Aging and Adult Services keep the reporter's name confidential. Anonymous reports are accepted; however, any person or entity holding or required to hold a license as specified in Title 73, Professions and Vocations, Mississippi Code of 1972, shall be required to give his, hers or its name, address and telephone number in the report of the alleged abuse, neglect or exploitation.

ELDERLY ABUSE AND FINANCIAL EXPLOITATION

Examples and explanations:

- *Eva, age 84, paid \$500.00 for each trip the caregiver drove her 19 miles to town for grocery shopping.*
- *Lyle, age 73, put his grandson's name on his bank account to pay Lyle's bills. The grandson withdrew all of Lyle's savings, \$55,000, without Lyle's permission and lost it in a business deal.*
- *John, an aide in an assisted living complex, took Joan, age 79, blind with advanced dementia, to the bank to withdraw gambling money.*
- *Charles, age 91, never knew he had an ATM card until he did not have enough money to pay his bills. His daughter used a Power of Attorney to take out an ATM card on his account, which she used to shop for herself.*

As people grow older and frail, many grow dependent on others for care, and part of that care means someone to help them with their finances.

Often financial exploitation goes hand-in-hand with other types of abuse and neglect. If you believe an older person is being exploited, he or she may also be abused and neglected in other ways. If you see that an older person is being neglected or abused, someone may also be taking advantage of them financially.



Common Warning Signs Of Financial Abuse

- Frequent, expensive gifts from an elder to a caregiver.
- Personal belongings, papers, credit cards are missing.
- Bills start to stack up and are not paid, often leading to shut off notices.
- A recent will is made when the person doesn't seem capable of writing a will.
- A caregiver's name is added to the bank account or credit cards.
- The elderly person is unaware of his or her monthly income.
- There is an increase in the number of checks made out to "cash".
- There is unusual or erratic activity in the bank account that is uncharacteristic of the account holder.
- There are irregularities on tax returns.
- The elder is unaware of the reason for an appointment with their banker or attorney.
- Caregiver refuses to spend money on the older person including grooming items and food.
- Caregiver is spending an excessive amount on new clothing, jewelry, automobiles and other items for himself or herself.
- Signatures on checks or other documents do not resemble the older person's signature, or signatures appear when the older person cannot write.
- Unusual or inappropriate activity surrounds investment properties or bank accounts, including the use of ATM cards to make large or repeated withdrawals.
- Power of Attorney is given; there are recent changes in a will; or there is the creation of a will or trust, when the person is incapable of making such decisions.
- The elderly person is missing personal belongings such as art, silverware or jewelry.
- Someone sells assets and properties.

WHAT IS FINANCIAL ABUSE?

Financial abuse is when someone is misusing or stealing the resources of an elderly or disabled person for personal or monetary benefit.

Protecting yourself from financial abuse:

- ✓ **Plan ahead.**
 - The more you plan for your future, the more control you will have later.
 - You may want to consider prepaying funeral arrangements and other services you may need some day.

- ✓ **Document all your financial arrangements.**
 - Putting things in writing can prevent future misunderstandings and legal problems.

- ✓ **Stay active.**
 - If you are involved in your community, know the places and organizations where you can turn, and have a large circle of friends, you are less likely to be abused or exploited.

- ✓ **Protect your money.**
 - Your bank may be able to help you protect your money by arranging your accounts to control access to your funds.

- ✓ **Stay on top of your finances.**
 - Keep blank checks in a safe place.
 - Never sign the back of a check unless you are in a bank to cash it.
 - Never lend your ID, credit card, ATM card or checks to anyone.
 - Be extremely cautious about adding anyone to your accounts.
 - Check your bank statements carefully to make sure all of the charges are for items you purchased or paid for.
 - Never be pressured into withdrawing large amounts of money.
 - Use direct deposit for all regular checks such as Social Security.
 - If you don't use your ATM card, cancel it now.

- ✓ **Get to know your banker, attorney and others in your community.**
 - Professionals can help you handle your money and can help point out any changes in your financial activities that may be a warning sign.

- ✓ **Be cautious about signing documents.**
 - Never sign anything you don't understand and don't let anyone pressure you into signing until you are ready.

- ✓ **Ask for help.**
 - Financial matters can be confusing. Many social service agencies have people who can help. **(Resource numbers and other information at the end of the guide.)**
 - If you are being threatened or abused, you need to ask for help immediately. Bank personnel, law enforcement and social services agencies can help.

- ✓ **Check references of anyone who wants to work for you.**

- ✓ **Pay with a check, not cash, and always get a receipt.**

- ✓ **Guard personal information.**
 - Do not give out Social Security Numbers, ATM cards or PIN numbers to strangers or anyone who does not need them.
 - Do not give out credit card information, your social security number or account numbers over the phone unless you initiated the call to a well-known, reputable company.
 - If someone wants to share information with you, your name and address should be sufficient. If they do not want to share the information without obtaining more personal information, you should be suspicious.

What is a Scam?

A scam is when someone convinces you to give them money, property or other assets by promising you unrealistic or fake items.

Protecting yourself from a scam:

You've probably heard it said many times, "If it sounds too good to be true, it probably is."

Not bad advice, but how can you tell the difference between a genuine offer that would be good for you and a trap set by a con artist? How can you tell if someone is looking to get your money, or if a business wants you to spend more than you should?

The following pages cover a number of scams, frauds and other consumer issues that could affect you. They also provide information, tips and telephone numbers that will help you avoid falling prey to con artists or being talked into decisions that turn out to be unreasonably expensive.

How to spot a scam:

Forewarned is forearmed when charming thieves knock at your door. *The clever con artist is a good actor who disarms his victims with a "nice guy" or "nice gal" approach. But behind this friendly exterior is a shrewd judge of people who can isolate potential victims and break down their resistance to his or her proposal.*

The typical con artist is armored with an excellent sense of timing. This can be a man or a woman, older or younger. He or she is seldom violent. They sincerely believe that victims deserve their fate. And, if caught, the con artist will probably strike again later. Unfortunately, con artists are seldom rehabilitated.

The victim:



An anyone can be a victim; even someone who thinks of himself or herself as too intelligent or sophisticated to be "conned."



Many victims share certain characteristics. Often, but not always, they are: older, female, living alone, trusting of others, need additional income, or lonely.

The con artist usually obtains the willing cooperation of the victim to complete his or her scheme. The con artist will always exploit his victim's assets, which may include:



Key words used by a con artist

Excerpted from AARP publication, “How to Spot a Scam,” PF0117.D394.

Con artists are difficult to identify by the way they look. However, you can often spot the con artist by the words or expressions him or her uses:

Expression....

Ask yourself???

- | | |
|----------------------------|--|
| 1. “Cash only” | <i>Why is cash necessary for a proposed transaction? Why not a check?</i> |
| 2. “Secret plan(s)” | <i>Why are you being asked not to tell anyone?</i> |
| 3. “Get rich quick” | <i>Any scheme should be carefully investigated. It is rarely easy to get rich quick.</i> |
| 4. “Something for nothing” | <i>A “retired” swindler once said that any time you are promised something for nothing, you usually get nothing.</i> |
| 5. “Contest(s)” | <i>Make sure they are not a “come-on” to draw you into a money-losing scheme.</i> |
| 6. “Haste” | <i>Be wary of any pressure to act immediately or lose out.</i> |

7. “Today only” *If something is worthwhile today; it’s likely to be available tomorrow.*
8. “Last chance” *If it’s a chance worth taking, why is it offered on such a short notice?*
9. “Left-over material” *Left-over material might also be stolen or defective.*



“MOOCH LISTS”

This is a list of names compiled by telemarketers with names of consumers who are potentially vulnerable to telemarketing fraud. It is estimated that 56% of the names on such “mooch lists” are individuals age 50 or older.

Think you hear opportunity calling?

According to the National Consumers League, telemarketing fraud costs consumers more than \$40 billion each year. (P.L. 106-534, Protecting Seniors From Fraud Act)

The Federal Bureau of Investigation (FBI) of Mississippi received a complaint from a Mississippi school teacher who received a call from a person in Canada representing himself as an attorney. The retired school teacher was told she had won \$100,000 in a Canadian sweepstakes. As directed, she wired \$10,000 to what she thought was an attorney’s office in Canada. Once that money was received, the scam artists requested more money for some other fictitious tax or customs fee. The victim became suspicious and called the FBI. She was advised that it was a scam and not to send any more money. However, she so much wanted to believe she had won money and the persons running the scam were so convincing, she sent them \$20,000 more. Her \$30,000 was lost and never recovered.

Your telephone is one of the easiest ways for a con artist to get your money. These scams may start with a postcard promising cash and prizes if you call a toll-free number. When you do, a friendly voice asks for your credit card number to “verify” your identity. Then, the high-pressure tactics begin to convince you to buy merchandise.

Many factors make seniors more vulnerable to this type of scam. When the scam artist calls, the elderly are more likely to be at home, have time to talk and be willing to listen.

Some of the favorite techniques used are:

- **The element of surprise.** The unexpected call with a high-pressure sales pitch urges you to *act immediately* on a *once in a lifetime deal*. You are given no time to evaluate the deal and must act the same day.
- **The attempt to get personal information** such as credit card, calling cards or checking account numbers. With this information, scam artists could withdraw money from your account or use your credit card to go on a shopping spree.

Some tips to avoid being taken by telemarketing scams:

- Never give your social security, credit card, checking account, driver's license, or telephone calling card numbers to anyone over the phone unless *you* initiated the call to a *well-known, reputable company*.
- **Do not give out other personal information** over the phone.
- **Never pay for a prize over the phone.** That includes paying postage, shipping and handling, or any other costs for something the caller says you have won.
- **Never allow a caller to pressure you** into acting immediately.
- **Tell telemarketers to stop calling** you every time they call. **The law prohibits telemarketers** from calling consumers who have stated that they don't want to be called. (Section 77-3-707, Mississippi Code of 1972)
- **Never agree to any offer until you have seen it in writing.** If the caller will not send you information in the mail, be suspicious.
- **Contact the Office of the Attorney General, Consumer Protection Unit at www.agjimhood.com** or 1-800-281-4418, **or the Better Business Bureau at www.bbbmississippi.org** or 1-800-987-8280 if a company requires you to make a purchase, pay money or sit through a sales presentation to receive any kind of prize.

Tempted? Don't let swindlers through the door!!!

Door-to-door solicitors often offer deals that really are “too good to be true.”



When Molly answered a knock at her door, a clean-cut young man greeted Molly with an enthusiastic hello. “I’d like just a few minutes of your time to show you my company’s latest time-saving, energy-efficient vacuum cleaner,” he said. “I really don’t need a new vacuum cleaner,” Molly replied. “But this machine is much more than just a vacuum cleaner; it will also shampoo your carpets. It will only take ten minutes of your time, I promise you,” he beamed. Molly reluctantly let the salesman into her house. After quickly demonstrating the machine, the salesman pulled out a contract and briefly explained the terms to Molly. She didn’t understand everything, but was too shy to ask many questions. “I’d rather think it over,” she exclaimed. “Sorry, ma’am, but this offer is only good for today. If I have to come back another day, it will cost you twice as much.” Molly didn’t know what to do.

Senior citizens are frequent victims of door-to-door scams and high-pressure sales tactics. Con artists will coax you into an unnecessary or excessive contract or they may take your money and never deliver the product. Door-to-door solicitation can be a good “cover” for criminals to enter your home or survey the premises. Frequently two people appear; one delivers the sales pitch while the other “cases” the property, possibly even stealing possessions.

If a stranger rings your doorbell, be prepared to do the following:

- **Ask the salesperson for his/her license to solicit.** Insist that the person wait outside while you call the agency that issued the license. Look up the telephone number yourself. **DO NOT** call a number provided by the “salesperson.”
- **Compare the offer with other similar products** before making a decision to buy the product.
- **Watch out if you are told that you have been selected to use a product free of charge.** Accepting a free item and signing some kind of contract to buy more, may eventually cost you money.
- **Get everything in writing.** This includes estimates for work, prices for products, and all promises, including guarantees. Make sure you get a notice of your right to cancellation before signing anything. **In accordance to Section 75-66-3, Mississippi Code of 1972,** you have a three (3) day right of cancellation for goods and services sold to you in your home. The law requires vendors to provide this notice in advance.
- **Read and make sure you understand anything you sign** before you sign it. Get a copy for your records.
- **Keep good records** for your protection. This includes the seller’s full name, business address and telephone number, and the date of the transaction.

“You may already be a winner...”

Mail fraud may be illegal, but it still nets millions every year.

Harold and Gladys gave often to local charities. In the mail they received a glossy picture of a bedraggled looking little boy with a caption that read, “Help Clothe This Child for the Winter.” The picture tugged at their hearts, reminding them of their grandson, Robert. They mailed a check to the person named in the brochure. Harold later tried to call the organization to see if they had received his check. The couple was concerned when they discovered that the telephone number given in the brochure was out of service. Harold was never able to contact the organization.

Your mailbox is a perfect means for con artists to trick you. Mail may arrive in the form of postcards, fancy color brochures, envelopes with official-looking seals, letters of endorsement, even government seals copied to look real.



If you receive requests for any of the following, be suspicious and check it out!

- **If a company asks for money or for credit card numbers** to register and enter sweepstakes or contests, **DON'T RESPOND.**
- **A letter, sweepstakes notice, or other sales promotion asking you to call** for more information or to claim a prize may actually be a trap to lure you into high-pressure sales techniques over the phone.
- **If told you must act immediately or the offer is available for a limited time only, don't act impulsively.** Give yourself time to check out whether the offer is legitimate. Honest companies don't expect an immediate answer.
- **Bogus fundraisers sometimes use names of organizations that sound like well-known charities.** Most of the money never reaches the charity you think you're contributing to. Check the name carefully to make sure the organization is legitimate.
- **Many companies make reference to Social Security or Medicare to deceive you.** These companies want you to believe they are associated with recognized government programs when in fact they are not. Such use of government symbols or names is illegal.
- **Sometimes you may be asked to travel long distances to collect your prize.** However, you may end up with a high-pressure sales pitch to buy something you don't want.
- **When you are notified that you have won a prize or will receive something of value, you cannot be required to pay any money.** This includes fees, postage, handling charges or taxes.

- **You cannot be required to listen to a sales promotion in order to win a prize.**
- **Even though the retail value of each prize must be given,** check it out because sometimes the value of the prize may be illegally inflated by the contest promoters.

For additional information on mail fraud, call your local post office and ask to speak to a member of the U.S. Postal Inspection Services. You may also call your local police or sheriff, or the Mississippi Office of the Attorney General, Consumer Protection Unit at 1-800-281-4418.

Looking for a way to work at home?

Temptation of earning “easy money” might empty your wallet instead of filling it.

Fred retired from his government job after 30 years. He financially comfortable, but wanted to make a little extra support his new hobby of coin collecting. He saw an ad community newspaper seeking free-lance workers to their homes. He was instructed to send \$25 for a list of that hired these workers. When he received the list, he companies to secure a job. Much to his dismay, he found them were interested in hiring free-lance proofreaders.



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Work-at-home advertisements are often found in the classified sections of local newspapers or national tabloids. Although some of these ads are legitimate, many are not. The ads promise money for work you can do at home, such as addressing or stuffing envelopes or putting together crafts. They give vague details about the type of work to be done and may ask you to send a self-addressed stamped envelope for more information. Once you receive the information, the company may require you to put up a fee before you start working. After the fee is paid, you may receive a list of companies that do not exist or that do not hire workers for the job that you saw advertised.

To avoid work-at-home rip-offs:

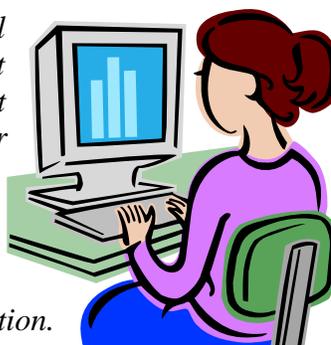
- **Be suspicious of companies that promise** a regular market or steady income.
- **Don’t pay for information** about work-at-home offers.
- **Contact the Office of the Attorney General, Consumer Protection Unit at www.agjimhood.com or 1-800-281-4418, or the Better Business Bureau at www.bbbmississippi.org or 1-800-987-8280, or the local Chamber of Commerce *before* making any decisions about work-at-home offers. Remember that the absence of complaints does not guarantee the honesty of the company that is making the offer. Taking the time to do a little detective work in the beginning may save you heartache later on.**

- **The National Consumers League's Fraud Center** at 1-800-876-7060 could also be helpful.

Gone "Phishing"

Con Artists who engage in on-line "Phishing" expeditions are only trying to hook into your personal and financial information.

Susan sat down at her computer to check her email from an address that looked like it was from her credit union she opened it, the email bore the logo of her credit union looked very professionally done. The message told her computer system upgrade at her credit union, the needed to move all of its sensitive client data over to database. The message asked Susan to click on the Web site link to access a secure credit union site that her to verify and update her personal information. the email message this would ensure that the credit union's be accurate prior to transferring the information. Susan was thankful for the opportunity to make sure her information was accurate, and clicked on the link and verified her information. The next week her credit union called her because there had been several large electronic withdrawals from her savings account that seemed out of the ordinary for her usual withdrawal patterns. When she told them about the email and the "new database" she was told the credit union knew nothing about the email or the system upgrade.



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There are new computer-based scams being developed every day. They are designed to get you to provide your personal and financial information to unauthorized people and organizations. But there are also many online benefits, products and services offered by legitimate financial and sales organizations designed to make managing your life much easier. The key is to be aware and check out any offer or communication, even from a seemingly trusted source, that you did not request or that asks you to disclose any personal information.

Unsolicited usually means unwanted:

- **I didn't ask for this.** If you get an offer or a request for information that you were not expecting, do not open the email without checking out the message through other means, such as contacting the person or organization that sent it. If you do not recognize an email address, do not open the email. Some scams utilize software that can capture your information just by opening the email.
- **Make it your business** to know how those vendors that you conduct business with operate. How will they contact you? What do their emails look like? How will they address you and what might they ask you for? **Never** provide your account password in response to an email request.

- **Consider before you click.** If you are unsure about clicking on a link, it is better to open your Internet browser again, to get a new window, and type an Internet address that you are familiar with for the vendor in question, rather than trusting the link in an email.

Don't get hooked by Phishers:

- **Do not be intimidated** by suggestions that a failure to respond will end in dire consequences or missed opportunities.
- **If you do fall victim to a phishing attack,** protect yourself! Contact your financial institutions and place fraud alerts on your credit report.
- **Report suspicious emails** to your Internet service provider and to the Mississippi Office of the Attorney General, Consumer Protection Unit at 1-800-281-4418.

INSURANCE RIGHTS FOR MISSISSIPPI SENIORS

The Mississippi Insurance Department, Consumer Services Division is a state agency to help you when you need information about insurance or insurance companies; if you need help making choices for Medicare Supplemental Coverage; or if you are having troubles with an insurance company.

Basic Health Insurance Information

An insurance policy is a contract between the seller, an insurance company, and the buyer. All consumer rights are printed inside that contract. A very important rule of thumb is, **"If it isn't in writing, it doesn't exist."**

Some of the consumer rights to look for in a policy are:

- **Free look period** – A period of time from the date of purchase, usually two to four weeks, in which a consumer can return an insurance policy to the company for a full refund of the premium. You must send the letter to the insurance company's address, **not** to the insurance agent or producer who sold the policy to you.
- **Guaranteed renewable** – The policy always will be renewed so long as the consumer pays the premium on time, has not lied on the application, and has not committed insurance fraud.
- **Premium waiver** – Premiums are not charged while the policyholder is receiving benefits.

- **Restoration of benefits** – After receiving partial benefits available under the policy, the maximum amount of benefits available is restored if the policyholder continues paying premiums. State and federal laws provide specific consumer rights including these for seniors:

Your health care rights

You have the right to:

- Voice grievances.
- Receive information about your insurance company's services and providers.
- Participate in health care decisions.
- Be treated with respect, dignity, and with privacy.
- If your rights have been violated, you may file a complaint.

Unlicensed health insurance plans

People should be aware that some companies or individuals are selling unlicensed health insurance plans. The health insurance marketplace is facing tough times; the cost of health insurance is increasing and employers and consumers are coping with difficult choices. Shady operators are now seeking to take advantage of the situation by selling unlicensed health insurance plans. Calling their products names like "ERISA exempt," "ERISA plans," "union plans," "association plans," these entities boast low rates and minimal to no underwriting. **These unlicensed plans violate state law.** These entities claim they are not subject to state insurance regulation because of ERISA, the federal **Employee Retirement Income Security Act of 1974**. Legitimate ERISA and union plans may be exempt from state insurance regulation. However, legitimate ERISA or union plans are established by unions for their own members or by an employer for the employer's own employees. **Insurance agents do not sell them.**

Consumers and employers should ask their agents if the health coverage they are purchasing is fully insured by licensed insurers. A "union plan" sold with few questions about the applicant's health condition, or plan material that refers only to a "stop-loss" insurer, should raise red flags. If someone tries to sell you such a plan, contact the **Mississippi Department of Insurance at 1-800-562-2957 or the Mississippi Office of the Attorney General Insurance Integrity Enforcement Bureau at 1-888-528-5780.**

A typical health insurance scam attempts to recruit as many local insurance agents as possible to market the coverage, which is not approved by state insurance regulators. The coverage is typically offered regardless of the applicant's health condition and at

lower rates and with better benefits than can be found from licensed insurers. They seek to collect a large amount of premiums as rapidly as possible. While claims may be paid initially, the scam will soon begin to delay payments and offer excuses for failing to pay. Unsuspecting consumers who thought they were covered for their medical needs are left responsible for huge medical bills. Employers may be liable for the medical bills of their employees as well.

How to avoid becoming the next victim

- Read all materials and websites of these plans carefully.
- Carefully investigate any plan that advertises unusually low premiums and/or unusually generous benefits, low (or no) minimum requirements for participation, and loose (or no) underwriting guidelines.
- Make sure that your insurance agent is selling you a state-licensed insurance product.
- To find out if a company is licensed to sell insurance in Mississippi, call the Mississippi Department of Insurance, at 1-800-562-2957 or www.doi.state.ms.us/licapp/downloadlist.aspx.
- Deal with reputable agents.
- Be suspicious if your agent or the marketing material says that the plan is covered only by "stop loss insurance" or that the plan is an "ERISA" plan or "union" plan.

Anyone with information about an entity offering health coverage without a license should contact the Mississippi Department of Insurance at 1-800-562-2957 or the Mississippi Office of the Attorney General Insurance Integrity Enforcement Bureau at 1-888-528-5780.

The Mississippi Insurance Counseling and Assistance Program (**MICAP**), also known as the State Health Insurance Assistance Program (**SHIP**), is a counseling program designed to answer the elderly questions about health insurance. Whether it is Medicare, Medicaid, supplemental insurance or other coverage, volunteers are trained to answer questions, compare policies, organize paperwork, and help with claims and filing appeals.

MICAP volunteers help elderly citizens and caregivers understand Medicare benefits; organize doctor and hospital bills; file Medicare appeals; review Medicare Supplemental Insurance; evaluate Medicare+ Choice or Health Maintenance Organization (HMO) options; understand Medicaid eligibility; and explore long-term care options. For information on Medicare+ Choice options, visit www.Medicare.gov.

What is Medicare?

Medicare is the federal government program that gives you health care coverage if you are 65 or older, or have a disability, no matter what your income.

If you're celebrating your 65th birthday within the next year or so, get ready for a big gift from the government: Medicare coverage. But this present comes with strings attached in the form of complex enrollment rules that could cost you money if you're not careful.

Among other things, you'll have to figure out how Medicare dovetails with your workplace or retiree coverage and understand its coverage gaps. You must also choose between managed-care benefits or fee-for-service coverage.

When You Should Sign Up

To reduce the chance of foul-ups, contact the Social Security Administration (www.ssa.gov; 1-800-772-1213) three months before your 65th birthday. Medicare's initial enrollment period runs for seven months, starting three months before the month you turn 65 and running three months after your birth month.

Everyone is eligible for Medicare at age 65, even when an individual's normal retirement age for Social Security benefits is later. If you were born in 1942, your full retirement age will be 65 and ten months. If you wait until then to sign up for Medicare, you'll miss the initial enrollment period for Part B coverage, which covers outpatient care. You'll have to wait until the general enrollment period, which runs from January 1 to March 31 for benefits starting July 1.

But you will incur a 10% premium penalty for each year you wait beyond your initial enrollment period. You'll pay that surcharge as long as you have Part B, which this year costs \$93.50 a month. You can sign up for premium-free Part A, which covers hospital services, at any time with no penalty.

For the Part D drug plan, you must apply during the initial enrollment period to avoid a penalty, which accrues monthly. If you miss the initial period, you can sign up during the last six weeks of the year for coverage that begins January 1. You can avoid the Part D late fee if you can prove that you had drug coverage elsewhere that is at least as good as the Medicare benefit.

If you opt for fee-for-service care, make sure you sign up for a Part D plan as well as private supplemental coverage to fill Medicare's coverage gaps, called Medigap. An alternative is a Medicare Advantage managed-care plan, which includes gap and drug

benefits. This option will likely be cheaper than traditional Medicare, but you may lose the provider choice of fee-for-service care.

You are eligible for Medicare if:

- You are a U.S. citizen or have been a permanent legal resident for 5 continuous years; and
- You are sixty-five (65) years old; or
- You are under 65 years old and have been receiving Social Security Disability Insurance (SSDI) for at least 24 months; or
- You get continuing dialysis for permanent kidney failure or need a kidney transplant; or
- You have Amyotrophic Lateral Sclerosis (ALS – Lou Gehrig’s Disease).

Medicare is divided into three parts: Part A, Part B and Part D.

- Medicare Part A covers inpatient hospital, skilled nursing facility, home health and hospice care.
- Medicare Part B covers almost all reasonable and necessary medical services, including doctors' services, laboratory and x-ray services, durable medical equipment (wheelchairs, hospital beds), ambulance services, outpatient hospital care, home health care, blood and medical supplies.
- Medicare Part D is the new outpatient prescription drug benefit, which is only available through Medicare private drug plans or Medicare private health plans.

Enrolling In Medicare

How to Enroll

- If you are getting Social Security when you turn 65, you will automatically get both Medicare Part A and Part B on the first day of the month in which you turn 65. A card will be mailed to you about three months before your birthday. The Medicare card is red, white and blue. It will come with your name and Medicare number printed on it.



- **If you are not getting Social Security when you turn 65**, you should go to your local Social Security office to enroll in Medicare three months before your 65th birthday. You have seven months to enroll in Medicare without penalties starting three months before the month you turn 65. In some cases, you can avoid the penalty if you or your spouse is still working. Call 1-800-772-1213 for the address of your local Social Security office.
- **If you are disabled and have been receiving Social Security Disability Insurance (SSDI)**, you should get your Medicare card three months before you become eligible for Medicare (after you have been receiving SSDI for 21 months). If you have kidney disease, you should enroll at your local Social Security office. If you have ALS, you become eligible for Medicare as soon as you begin getting Social Security disability benefits.
- **To enroll in Part D**, Medicare's drug coverage, you have to join a Medicare private drug plan offered in your area. For most people, enrollment in Part D is optional. Whether or not you should sign up for a Medicare private drug plan depends on your circumstances. You can compare plans by using the drug plan comparison search on www.medicare.gov or calling 800-MEDICARE. To learn more about Part D, read [MRC's educational materials about the new Medicare drug benefit](#).



Beware of fraudulent insurance agents requesting your Social Security, Medicaid or Medicare numbers. They could be trying to sign you up for a Supplemental Part D Plan. Usually, they will have the premium amount automatically deducted from your Social Security check with you knowing. Victims usually find out about it when an insurance carrier calls to “thank you” for your business and confirming that the premium will be taken out of your social security check. This could impact other health care coverage being provided through the federal government.

The Price of Enrollment

- Part A is generally free.
- Part B for most people has a monthly premium, and starting in 2007, the Part B premium will be based on your income. For most people, the Part B premium will be \$93.50. If your income is above \$80,000, your [Part B premium](#) will be higher.
- The Part D premium varies depending on which private drug plan you join. The average national premium for a Medicare private drug plan in 2007 is \$27.35. **As a general rule,**

you should enroll in Medicare Part B when you first get Medicare to get full coverage.

- **If you delay enrollment in Part B**, you may have to pay a penalty of 10% of the Part B premium for each year that you wait. But, if you or your spouse is still working when you turn 65 or become eligible for Medicare based on disability, and you get health insurance through that job, you can delay signing up for Medicare without having to pay a penalty.
- **If you delay enrollment in Part D**, you may have to pay a penalty of 1% of the national average Part D premium for each month that you wait. But, if you have drug coverage from another source that is as good or better than Medicare's drug coverage, you can delay signing up for the Medicare drug benefit without having to pay a penalty. **If you qualify for Extra Help**, you will not have to pay a penalty if you enroll in 2007.

Should You Enroll if You Have Insurance Through Your Employer?

- **If there are 20 or more people who work for the company (100 or more if you are disabled)**, your employer's insurance will pay first (primary). You can sign up for Medicare at any time while you have the company health insurance or within eight months of leaving the company or losing the company health coverage without paying a penalty.
- **If there are fewer than 20 people who work for the company (fewer than 100 if you are disabled)**, you should take Medicare when you turn 65. The company's insurance will only pay after Medicare pays for your care. You can sign up for Medicare at any time while you have the company health insurance or within eight months of leaving the company or losing the company health coverage without paying a penalty.
- **If you are retired and have health insurance from a former job**, you should also sign up for Medicare when you turn 65 because Medicare will be your primary insurance. Your retiree coverage will only pay after Medicare pays.

Long-term Care Insurance

What is long-term care?

Long-term, care insurance is any insurance policy or rider advertised, marketed, offered or designed to provide coverage for not less than twelve (12) consecutive months for each covered person on an expense incurred, indemnity, prepaid or other basis; for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance or personal care services, provided in a setting other than an acute care unit of a hospital. Long-term care is help for people with chronic illness or disabilities who have problems living independently, usually when they are elderly.

Most people need some kind of long-term care during their lifetimes. Historically, family members have provided most long-term care. Increasingly, other care providers are supplementing and replacing family caregivers.

A variety of medical, personal and social services fall under long-term care, from in-home therapy to adult day care to residential care. What specific long-term care services people may need depends on their lifestyle, their network of family and friends, and their personal and family health history. Accidental falls and injuries often lead to a need for long-term care.

Paying for long-term care

Long-term care is expensive. Health insurance that pays for doctor visits and hospitalization covers few long-term-care services. Medicare pays only for medically necessary services that are prescribed by a doctor. Medicaid pays for long-term care for people with low income and little savings. Some military veterans are eligible for care through Veterans Affairs.

People who have enough of their own money can purchase long-term care services wherever they want. People who own their homes may obtain a reverse mortgage from a bank. This provides income that can help pay for long-term care.

Many people purchase long-term care insurance to provide for future long-term care needs. The monthly premiums can be expensive, but insurance may prove worth the expense if you need extensive long-term care. Long-term care policies vary a great deal and few of them pay for all living and care expenses. An insurance agent/producer should help you find a policy that covers the services that you want. **Remember, if you cannot afford the monthly premiums now or after future increases, it is best not to buy long-term care insurance at all.**

Long-term care insurance policies sold in Mississippi must have a “right to return” policy. Applicants shall have the right to return the policy or certificate within thirty (30) days of its delivery and to have the premium refunded if, after examination of the policy or certificate, the applicant is not satisfied for any reason. **If your insurance company denies you this “free look” period, call the Mississippi Department of Insurance, Consumer Services Division, (800) 562-2957 or www.doi.state.ms.us.** General inquiries, complaints against insurance companies or agents, and other matters also may be sent via e-mail at consumer@mid.state.ms.us.

IDENTITY THEFT: IS SOMEONE USING YOUR GOOD NAME?

Identity theft occurs when someone uses your name and personal information to obtain credit cards, bank cards, bank accounts, money, home and car loans, and consumer items and services (such as long distance phone calls).

Identity thieves employ both highly sophisticated and very simple means to “steal” your identity including:



Yes, it could happen to you.

- Stealing wallets and purses containing your information
 - Stealing your mail
 - Completing a change of address form to divert your mail
 - Rummaging through your trash
 - Posing as a landlord or employer or someone else who has a legitimate right to your information
 - Getting your business or personnel records at work
- Using personal information you share over the Internet
 - Buying your personal information.

Whatever means are used; the result is generally that your good name and established credit history get temporarily tarnished and you suffer financial loss.

Some suggestions for preventing ID theft

- Guard your social security number.
 - Do not have it printed on your checks;
 - Do not give it out to people who call you on the phone; and
 - After applying for a loan, credit card, rental or anything else that requires a credit report, **request that your social security number on the application be obliterated and your credit report shredded before your eyes or returned to you once a decision has been made.**
- Before you reveal any personally identifying information, ask why it is needed, find out how it will be used and whether it will be shared with others.
- Ask if you have a choice about the use of your information: can you choose to have it kept confidential?
- If your social security number is requested, ask what law requires you to give your number and what will happen if you do not give the social security number.
- Watch your credit card activity by examining your statements for fraudulent charges before paying them.

- Some credit card companies have recently started fraud prevention services in which a representative may call you to verify whether you have made a purchase — generally if it appears suspicious.
 - Pay attention to your credit card billing cycles. If your bills don't arrive on time, they may have been diverted, signaling that an identity thief has taken over your credit card account. Additionally, if you don't need or use an account, close it.
- Shred old bank statements, physician statements, receipts, insurance forms, bank checks, expired credit cards, and credit card statements as well as credit card offers/applications before you throw them away. This may thwart the thief who rummages through your trash from discovering your personal information (called “dumpster diving”).
 - **Don't** keep your social security card, extra credit cards, or other important identity documents in your wallet or purse unless they are specifically needed — then remove them immediately.
 - **Do**, however, keep duplicate records of the contents of your wallet. Copy both sides of your driver's license and credit cards so you have all your account numbers, expiration dates, and phone numbers in case your wallet or purse is stolen.
 - Safeguard this record and keep it separate from your wallet. When traveling, take only the toll-free telephone numbers from your bank and credit card companies.
 - Rather than mailing your bill payments and checks from home, take them to the post office. Also, promptly remove mail from your mailbox after it has been delivered. If you are away from home, ask the Post Office to hold your mail until you can pick it up or arrange with a trusted person to promptly pick up your mail while you are gone.
 - Monitor your social security activity by ordering your “Social Security Earnings and Benefits” statement once a year to check for fraud.
 - Know whom you are talking to and never give your credit card number or personal information over the phone unless you have initiated the call and trust the business. Identity thieves may pose as bank representatives, Internet service providers, or government agencies to get you to reveal your social security number, mother's maiden name, financial account numbers and other identifying information. Legitimate organizations with which you do business have all the information they need and won't ask you for it.
 - Put passwords on credit card, bank and phone accounts and avoid using easily available information like your mother's maiden name, your birthday, the last four digits of your social security number, or your phone number.
 - Order a copy of your credit report from each of the three major credit-reporting agencies (Equifax, Experian and TransUnion) every year. Make sure it is accurate.

- Remove your name and personal information from the marketing lists of the three major credit-reporting bureaus.

Even if you have been very careful to minimize your risk of identity theft, you may become a victim. If you suspect that your personal information has been taken and misused you need to take immediate action.

It is important to keep a record of your conversations and correspondence when dealing with financial matters. The Federal Trade Commission suggests that you take the following three steps in every case of identity theft:

- **First**, Contact the toll-free fraud number of any of the three consumer reporting companies below to place a fraud alert on your credit report. You only need to contact one of the three companies to place an alert. The company you call is required to contact the other two, which will place an alert on their versions of your report, too. If you do not receive a confirmation from a company, you should contact that company directly to place a “fraud alert”.

Equifax: 1-800-525-6285; www.equifax.com; P.O. Box 740241, Atlanta, GA 30374-0241

Experian: 1-888-EXPERIAN (397-3742); www.experian.com; P.O. Box 9532, Allen, TX 75013

TransUnion: 1-800-680-7289; www.transunion.com; Fraud Victim Assistance Division, P.O. Box 6790, Fullerton, CA 92834-6790

- **Second**, contact the creditors for any accounts that have been tampered with or opened fraudulently. This can include credit card companies, phone companies, other utilities, banks and other lenders.

Call and speak with someone in the security or fraud department of each company. Follow up in writing, and include copies (**NOT originals**) of supporting documents. It's important to notify credit card companies and banks in writing. Send your letters by certified mail, return receipt requested, so you can document what the company received and when. Keep a file of your correspondence and enclosures.

When you open new accounts, use new Personal Identification Numbers (PINs) and passwords. Avoid using easily available information like your mother's maiden name, your birth date, the last four digits of your Social Security number or your phone number, or a series of consecutive numbers.

- **Third**, file a report with your local police or the police in the community where the identity theft took place. Get a copy of the police report that you can forward to the banks and credit card companies as proof that you are the victim of a crime and not a “deadbeat” debtor. If police won't take a report, saying that no state law covers identity theft, be assertive and ask that they file a “miscellaneous” report so that the incident is

documented for purposes of clearing your credit and liability. **File a complaint with the Federal Trade Commission (FTC).** You can file a complaint with the FTC using the online complaint form; or call the FTC's Identity Theft Hotline, toll-free: 1-877-ID-THEFT (438-4338); TTY: 1-866-653-4261; or write Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580. Be sure to call the Hotline to update your complaint if you have any additional information or problems.

By sharing your identity theft complaint with the FTC, you will provide important information that can help law enforcement officials across the nation track down identity thieves and stop them. The FTC can refer victims' complaints to other government agencies and companies for further action, as well as investigate companies for violations of laws the agency enforces.

Additionally, you can provide a printed copy of your online Complaint form to the police to incorporate into their police report. The printed FTC ID Theft Complaint, in conjunction with the police report, can constitute an Identity Theft Report and entitle you to certain protections. This Identity Theft Report can be used to (1) permanently block fraudulent information from appearing on your credit report; (2) ensure that debts do not reappear on your credit report; (3) prevent a company from continuing to collect debts that result from identity theft; and (4) place an extended fraud alert on your credit report.

In some jurisdictions the officer will not be able to give you a copy of the official police report, but should be able to sign your Complaint and write the police report number in the "Law Enforcement Report" section.

Finally, the Federal Trade Commission (FTC) is available to help through its Identity Theft Hotline. The FTC helps victims of identity theft by providing information to help resolve financial and other problems that result from identity theft crimes. The FTC can also refer victims to other appropriate governmental agencies and private organizations for further action.

The FTC has sample letters that you can copy to draft your letters to credit card companies. Most importantly, the FTC through its ID Theft Affidavit and other services can help you prove you are the victim of a crime. This assistance helps you get back your good name and avoid having to pay for costs you didn't incur.

- **Other steps** that can be taken include: reporting stolen mail to your local postal inspector; closing an account when an identity thief has changed the billing address; closing any bank accounts that you believe may have been tampered with; stopping payment on checks that have been stolen or misused; and contacting check verification companies to help you track your stolen or misused checks.

If you have had checks stolen or a bank account fraudulently opened in your name, report it to one of the check verification companies listed below. This will alert merchants who may later be presented with the checks. Put "stop payments" on any outstanding checks

that you are unsure of. Cancel your checking and savings account and obtain new account numbers. Give the bank a secret password for your account, not your mother's maiden name.

If your identity has already been used to cash counterfeit or stolen checks, you may discover that your own check is denied when you attempt to buy something. A reference number will be printed on the back of your denied check. Merchants subscribe to check verification companies and submit whatever identity is given when a bad check is received. The check verification companies will not remove a bad check reported on your request. You must contact the check verification company and by using the reference number on the back of your denied check, you can learn which merchant submitted the bad check report. You will then need to deal directly with the merchant to get the action removed.

CHECK VERIFICATION SERVICES

National Check Fraud Center Hotline

1-843-571-2143

Certegy Check Services

1-800-437-5120

Shared Check Authorization Network (SCAN)

1-800-262-7771

Tele-Check

1-800-366-2425

National Processing Company (NPC)

1-800-526-5380

- **Further special steps** may need to be taken such as:
- Contacting the Securities and Exchange Commission if you believe someone has tampered with your securities or brokerage accounts;
 - Contacting the phone company if the thief has established new phone service in your name and is making unauthorized calls;
 - Contacting the Social Security Administration if someone is using your social security number to apply for a job;
 - Contacting the Department of Motor Vehicles if someone has used your identity or Social Security number to get a driver's license; and
 - Contacting an attorney to help navigate the correct legal channels to clear your name when an imposter has been arrested and has used your name and identity to commit a crime.

ARE REVERSE MORTGAGES BENEFICIAL?

A reverse mortgage can be a way to help you remain independent and in your own home while providing ongoing income. **Reverse mortgages enable eligible homeowners to use the money they have built up as equity in their homes.**

If you are a homeowner age 62 or older, you might be interested in talking with a lender or counselor about reverse mortgages. These products offer a way to borrow against your home equity to create a regular and tax-free source of income or a significant source of ready cash, all while you continue living in your home. And you don't repay any part of the loan so long as you occupy your home and don't violate any terms and conditions of the reverse mortgage — unlike regular home loans that you begin paying back as soon as the loan is made.

Q. What is a reverse mortgage (RM)?

A. It is a type of real estate loan based on the equity of your home.

Q. How does it work?

A. The loan for which you qualify can be disbursed in a lump sum, in monthly payments or an approved line of credit or a combination of all of these.

Q. Who qualifies and what are the basic requirements?

A. Seniors who are at least 62 years old and whose house mortgage is either paid off or almost paid off meet the general requirements. To obtain a Federal Housing Administration (FHA), also known as Home Equity Conversion Mortgage (HECM) and the Fannie Mae's version, HomeKeeper, you must attend a counseling session or sessions with an approved non-profit organization before you obtain the loan.

Q. What should borrowers know first?

A. Although reverse mortgages are growing in popularity, there are also issues and risks to this kind of home loan that may not be in your best interests or the interests of your heirs. It is very important to learn how this type of loan works by seeking counseling from an authorized organization.

Q. Where can I get more information?

A. Consult with a local housing non-profit organization first. To find out about a local non-profit go to: www.hud.gov/offices/hsg/sfh/hecm/rmtopten.cfm or call 1-800-569-4287 toll-free for counseling agencies near you. You can also find valuable information at the AARP's Web site www.aarp.org/money.

Q. What are the advantages and disadvantages of a RM?

A. **Some advantages of a RM are:**

- A RM can help you to maintain your financial independence and adequate standard of living.
- You don't have to have an income to qualify.

- You remain in your home and retain home ownership.
- You don't have to pay it back if you maintain the house as your primary residence.
- The money you receive from a RM is tax-free.

Some disadvantages of a RM are:

- There are many types of RMs and the difference can be confusing. Get counseling!
- RMs are more costly to set up than other types of loans.
- May affect eligibility for some benefits such as SSI or Medicaid.
- Talk to your benefit provider, before taking on a RM.

WHAT IS PREDATORY LENDING?

Predatory mortgage lending occurs when a mortgage company or broker pushes unjustifiably expensive refinance or home equity loans on homeowners. Typically, the purpose of these loans is to finance home improvements or to consolidate debts.

Q. Who is engaging in predatory lending?

A. New classes of mortgage lenders known as "sub prime" mortgage lenders are responsible for the vast majority of predatory lending throughout the country. Sub prime lenders supposedly provide loans to borrowers with less than perfect credit. Sub prime lenders claim that the increased risk of these borrowers requires them to charge higher interest rates and additional fees. The potential for profit among these lenders has fueled an explosion of widespread and abusive practices.

Q. What are the predatory practices?

A. By focusing on the home equity and refinance loans, sub prime lenders use abusive practices and loan terms to steal equity that homeowners have built up through years of paying their original mortgage. The specific practices range from outright fraud (such as bait and switch, forgery, changed loan terms) to structuring a loan so that a borrower pays only interest and not principal. Another highly destructive practice is when the lender makes a loan based on the equity the borrower has in the home, without regard to the borrower's ability to repay the loan. Loans with these characteristics set homeowners up for failure, allow the lender to make huge profits, and protect the lenders from loss by using the home as collateral for the loan.

Q. Who do predatory lenders target?

A. Predatory lenders target homeowners who are "cash-poor, but equity-rich." Historically, predatory lenders have targeted communities with a high percentage of low income families, seniors, minorities, and women. Recently, predatory lenders have expanded

aggressive marketing efforts to include middle-class and working-class, as well as suburban and rural homeowners.

Types of Predatory Lending

- **Equity stripping** - You need money. You don't have much income coming in each month, but you do have equity in your home. A lender tells you that you could get a loan, even though you know your income is just not enough to make the monthly payments. The lender encourages you to "pad" your income on your application form to help get the loan approved.

This lender may be out to steal the equity you have built up in your home. The lender doesn't care if you can't keep up with the monthly payments. As soon as you miss a payment or two, the lender will foreclose on your home, taking your home and stripping you of the equity you have spent years building. If you take out a loan but don't have enough income to make the monthly payments, you are being set up. You will probably lose your home.

- **Hidden loan terms: The balloon payment** - You've fallen behind in your mortgage payments and may face foreclosure. Another lender offers to save you from foreclosure by refinancing your mortgage and lowering your monthly payments. Look carefully at the loan terms. The payments may be lower because the lender is offering a loan on which you repay only the interest each month. At the end of the loan term, the principal, the entire amount you borrowed, is due in one lump sum called a balloon payment. If you can't make the balloon payment or refinance, you face foreclosure and the loss of your home.
- **Loan flipping** - Suppose you've had your mortgage for years. The interest rate is low and the monthly payments fit nicely into your budget, but you could use some extra money. A lender calls to talk about refinancing, and using the availability of extra cash as bait, claims it's time the equity in your home started "working" for you. You agree to refinance your loan. After you've made a few payments on the loan, the lender calls to offer you a bigger loan for, say, a vacation. If you accept the offer, the lender refinances your original loan and then lends you additional money. In this practice, often called "flipping," the lender charges you high points and fees each time you refinance, and may increase your interest rate as well. If the loan has a prepayment penalty, you will have to pay that penalty each time you take out a new loan. You now have some extra money and a lot more debt, stretched out over a longer time. The extra cash you receive may be less than the additional costs and fees you were charged for the refinancing. And what's worse, you are now paying interest on those extra fees charged in each refinancing. With each refinancing, you've increased your debt and probably are paying a very high price for some extra cash. After a while, if you get in over your head and can't pay, you could lose your home.
- **Home Improvement Loan** - A contractor calls or knocks on your door and offers to install a new roof or remodel your kitchen at a price that sounds reasonable. You tell him

you're interested, but can't afford it. He tells you it's no problem, he can arrange financing through a lender he knows. You agree to the project, and the contractor begins work.

At some point after the contractor begins, you are asked to sign a lot of papers. The papers may be blank or the lender may rush you to sign before you have time to read what you've been given. The contractor threatens to leave the work on your house unfinished if you don't sign. You sign the papers. Only later, you realize that the papers you signed are a home equity loan. The interest rate, points and fees seem very high. To make matters worse, the work on your home isn't done right or hasn't been completed, and the contractor, who may have been paid by the lender, has little interest in completing the work to your satisfaction.

- ***Credit Insurance Packing*** - You've just agreed to a mortgage on terms you think you can afford. At closing, the lender gives you papers to sign that include charges for credit insurance or other "benefits" that you did not ask for and do not want. The lender hopes you don't notice this, and that you just sign the loan papers where you are asked to sign.

The lender doesn't explain exactly how much extra money this will cost you each month on your loan. If you do notice, you're afraid that if you ask questions or object, you might not get the loan. The lender may tell you that this insurance comes with the loan, making you think that it comes at no additional cost. Or, if you object, the lender may even tell you that if you want the loan without the insurance, the loan papers will have to be rewritten, that it could take several days, and that the manager may reconsider the loan altogether. If you agree to buy the insurance, you really are paying extra for the loan by buying a product you may not want or need.

- ***Mortgage Servicing Abuses*** - After you get a mortgage, you receive a letter from your lender saying that your monthly payments will be higher than you expected. The lender says that your payments include escrow for taxes and insurance even though you arranged to pay those items yourself with the lender's okay. Later, a message from the lender says you are being charged late fees. But, you know your payments were on time.

Or, you may receive a message saying that you failed to maintain required property insurance and the lender is buying more costly insurance at your expense. Other charges that you don't understand, like legal fees, are added to the amount you owe, increasing your monthly payments or the amount you owe at the end of the loan term. The lender doesn't provide you with an accurate or complete account of these charges. You ask for a pay-off statement to refinance with another lender and receive a statement that's inaccurate or incomplete.

The lender's actions make it almost impossible to determine how much you've paid or how much you owe. You may pay more than you owe.

- ***Signing Over Your Deed*** - If you are having trouble paying your mortgage and the lender has threatened to foreclose and take your home, you may feel desperate. Another

"lender" may contact you with an offer to help you find new financing. Before he can help you, he asks you to deed your property to him, claiming that it's a temporary measure to prevent foreclosure. The promised refinancing that would let you save your home never comes through.

Once the lender has the deed to your property, he starts to treat it as his own. He may borrow against it (for his benefit, not yours) or even sell it to someone else. Because you don't own the home any more, you won't get any money when the property is sold. The lender will treat you as a tenant and your mortgage payments as rent. If your "rent" payments are late, you can be evicted from your home.

How to Protect Yourself

There are ways you can protect yourself against losing your home to unscrupulous lending practices. They are:

DON'T:

- Agree to a home equity loan if you don't have enough income to make the monthly payments.
- Sign any document you haven't read or any document that has blank spaces to be filled in after you sign.
- Let anyone pressure you into signing any document.
- Agree to a loan that includes credit insurance or extra products you don't want.
- Let the promise of extra cash or lower monthly payments get in the way of your good judgment about whether the cost you will pay for the loan is really worth it.
- Deed your property to anyone. First consult an attorney, a knowledgeable family member, or someone else you trust.

DO:

- Ask specifically if credit insurance is required as a condition of the loan. If it isn't, and a charge is included in your loan and you don't want the insurance, ask that the charge be removed from the loan documents. If you want the added security of credit insurance, shop around for the best rates.
- Keep careful records of what you've paid, including billing statements and canceled checks. Challenge any charge you think is inaccurate.
- Check contractors' references when it is time to have work done in your home. Get more than one estimate.
- Read all items carefully. If you need an explanation of any terms or conditions, talk to someone you can trust, such as a knowledgeable family member or an attorney.
- Consider all the costs of financing before you agree to a loan. Visit www.aarp.org/money for more information and links to other resources.

HELPFUL RESOURCES AND CONTACTS

AARP Mississippi State Office

6360 I-55 North, Suite 160

1-866-554-5382

www.aarp.org/states/ms

Mississippi Office of the Attorney General Consumer Protection Division

P. O. Box 22947

Jackson, MS 39225-2947

(601) 359-4231

1-800-281-4418

www.ago.state.ms.us

Federal Trade Commission

Identity Theft Hotline

1-877-438-4338

www.consumer.gov/idtheft

Mississippi Department of Human Services Division of Aging and Adult Services

750 North State Street

Jackson, MS 39202

(601) 359-4929

1-800-948-3090

www.mdhs.state.ms.us

Mississippi Department of Human Services Division of Family and Children's Services Adult Protective Services

750 North State Street

Jackson, MS 39202

(601) 359-4991

1-800-222-8000

www.mdhs.state.ms.us

Mississippi Department of Insurance

P. O. Box 79
Jackson, MS 39205
(601) 359-3569
1-800-562-2957
www.doi.state.ms.us

**Equifax Credit Bureau
Consumer Fraud**

P. O. Box 740241
Atlanta, GA 30374-0241
1-800-525-6285
www.equifax.com

**Experian Credit Bureau
Consumer Fraud**

P. O. Box 2002
Allen, TX 75013
1-888-397-3742
www.experian.com

**Trans Union Credit Bureau
Fraud Victim Assistance Department**

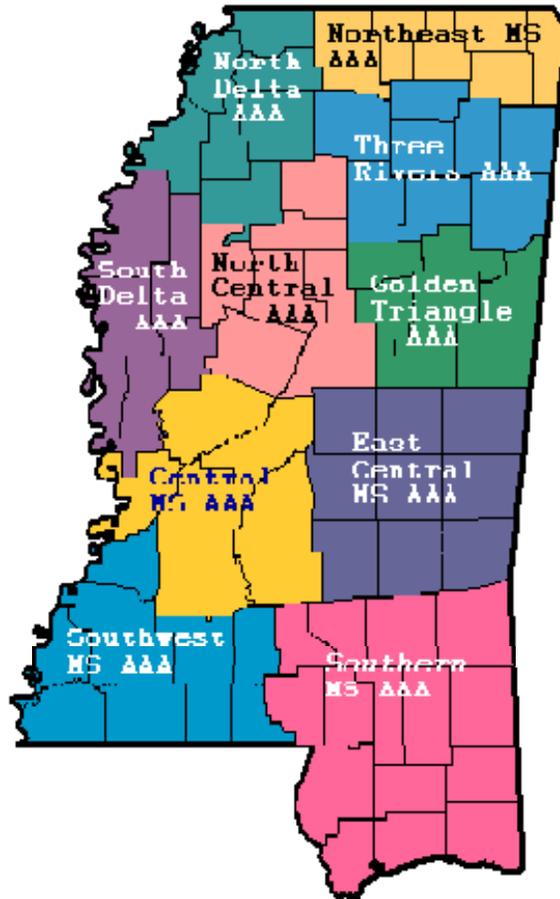
P. O. Box 6790
Fullerton, CA 92834
1-800-680-7289
www.transunion.com

AREA AGENCY ON AGING

The Area Agency on Aging serves as the public advocate for the development and implementation of comprehensive and coordinated home and community-based services for the elderly.

The following chart was obtained from the Mississippi Department of Human Services, Division of Aging and Adult Services at www.mdhs.state.ms.us/aas.

Area Agency on Aging	Director	Telephone Number	Counties Served
Central MS Area Agency on Aging P.O. Box 4935 Jackson, MS 39296	Bettye Burgess, Director	(601) 981-1511 1-800-315-3103	Copiah, Hinds, Madison, Rankin, Simpson, Warren, Yazoo
East Central Area Agency on Aging P.O. Box 499 Newton, MS 39345	Rosie Coleman, Director	(601) 683-2401 1-800-264-2007	Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott, Smith
Golden Triangle Area Agency on Aging P.O. Box 828 Starkville, MS 39760-0828	Bobby Gann, Director	(662) 324-4650 (662) 323-2636 (within a 55 mile radius) 1-888-324-9000	Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, Winston
North Central Area Agency on Aging 711 B South Applegate Winona, MS 38967	Darlena Allen, Director	(662) 283-2675 (662) 283-2771 (toll free within a 55 mile radius) 1-888-427-0714	Attala, Carroll, Grenada, Holmes, Leflore, Montgomery, Yalobusha
North Delta Area Agency on Aging P.O. Box 1488 Batesville, MS 38601-1488	Dr. Fadlalla M. Zein, Director	(662) 561-4100 1-800-844-2433	Coahoma, Desoto, Panola, Quitman, Tallahatchie, Tate, Tunica
Northeast MS Area Agency on Aging P.O. Box 600 Booneville, MS 38829	Linda Presley, Director	(662) 728-7038 1-800-745-6961	Alcorn, Benton, Marshall, Prentiss, Tippah, Tishomingo
South Delta Area Agency on Aging P.O. Box 1776 Greenville, MS 38702-1776	Sylvia Jackson, Director	(662) 378-3831 1-800-898-3055	Bolivar, Humphreys, Issaquena, Sharkey, Sunflower, Washington
Southern MS Area Agency on Aging 9229 Highway 49 Gulfport, MS 39503	Barry Dixon, Director	(228) 868-2326 1-800-444-8014 (nationwide) www.smpdd.com	Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone, Wayne
Southwest MS Area Agency on Aging 100 South Wall Street Natchez, MS 39120	David Caufield, Director	(601) 446-6044 1-800-338-2049	Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, Wilkinson
Three Rivers Area Agency on Aging P. O. Box 690 Pontotoc, MS 38663	Cleveland Joseph, Director	(662) 489-2415 (662) 489-6911 (toll free within a 55 mile radius) 1-877-489-6911 (statewide) www.trpdd.com	Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc, Union



The following map of the Area Agency on Aging was obtained from the Mississippi Department of Human Services, Division of Aging and Adult Services at www.mdhs.state.ms.us/aas.