

# Disastrous Retirement Scams

Falling victim to a scam could cost you thousands of dollars.

By Katie Brockman

When you've spent your entire career diligently saving for retirement, the last thing you want is to get taken advantage of by a scammer and lose your hard-earned savings. However, many retirees are unaware of some of the most common scams they could face, putting themselves (and their money) at risk—and this mistake could potentially drain your retirement fund.

## What do scams look like?

Fraudsters are becoming smarter and more sophisticated, so scams are not as easy to detect as they once were. They're also becoming more expensive: The average scam victim loses around \$30,000, according to a study from Allianz Life, and more than 10% of victims lose \$100,000 or more.

To avoid falling victim to a scam, it's crucial to understand what a scam looks like. That way, you can spot it a mile away before you give out any personal information.

More than half (52%) say they've never heard of the **prepaid credit card scam**. This is where unsuspecting adults are told they have an outstanding debt that needs to be paid using a prepaid credit card or debit card. Once the scammer has access to your finances, they make off with your money.

Second, approximately 57% of older adults say they're unaware of the **invoice scam**, where a scammer contacts a potential victim saying they work for a certain company (often a utility company) and that the victim owes a fee. Roughly 57% of older Americans also don't know about the romance scam, in which a scammer will act as a romantic interest to the victim and then ask for money.

Finally, 60% of older adults say they don't know about the **pigeon drop scam**, when a scammer says that they have a significant amount of money that they'll share with the victim if the victim makes an upfront payment.

This is nowhere near an exhaustive list of all the scams out there, as con artists are coming up with new ideas every day. But by being aware of some of the general traits of common scams, you can protect your money from thieves.

## How to protect your cash from scammers

The number one rule for avoiding a scam is not to give out any money or personal information unless you're 100% positive the person asking for it is legitimate. If it sounds fishy, it's better to be safe than sorry and steer clear.

If you're unsure, ask as many questions as you



can. Scammers will likely feel uneasy if they think someone is onto their scheme, and if they can't provide answers to your questions (or their answers don't sound right), hang up and file a complaint with the Federal Trade Commission.

## Phony calls from "IRS" or Social Security Administration

Sometimes scammers will pose as government employees in an attempt to seem more official, and you'll need to be extra careful when dealing with these fraudsters.

Tax season has drawn to a close, but scammers may still be out there trying to convince you that you filed your taxes incorrectly or that you owe the government more money. You may receive a call from someone claiming to work for the IRS alerting you to this "issue," **but don't be fooled**, even if they start threatening you with arrest or an audit. If the IRS is really trying to get in touch with you, it will always send a letter first. And if the IRS does legitimately call you, it will never ask for credit or debit card information over the phone, demand immediate payment, or threaten to bring in the police. If this happens to you, hang up immediately and don't give out your personal information. Report the scam to the U.S. Treasury and the Federal Trade Commission (FTC).

One of the fastest-growing scams involves scammers calling to say they're from the Social Security Administration and that there's a problem with your Social Security number. They may tell you it's been compromised or involved in a crime, and you need to confirm your number over the phone. One of the reasons the scam is so effective is that the scammer will often "spoof" the caller ID system so that the Social Security Administration's real phone

number will pop up on your phone. That can trick victims into thinking the call is legitimate and providing any information the scammer asks for.

If a call from a so-called government official sounds suspicious, hang up and call the official agency's phone number (not the number you received the call from). Tell them about the call you just received and ask if it's legitimate before you give out any personal information. **The Social Security Administration (and many other government offices) will never ask for your personal or financial information over the phone**, so if

you receive such a call, it's safe to assume it's a scam.

When it comes to your financial security, you can never be too careful. Even one wrong move can result in your losing thousands of dollars, and once the scammer has your money, there's often little or nothing you can do to get it back.

## Fake Charities

Scammers may also attempt to take advantage of your generosity by pretending to work for a charity. This is especially common after natural disasters, when many Americans are looking for ways to help those affected.

Before donating any money, you should always verify that the charity is legitimate. Use the IRS' Tax-Exempt Organization Search to see if it is a real nonprofit organization. If you cannot find it there, it's probably fake. Don't give out any personal information or any money, and don't feel pressured if the scammer tries to make you feel guilty for not helping those in need. Look up a legitimate charity to donate to instead, and report the false one to the FTC.

## Romance Scams

Online daters need to be wary of romance scams. With these, scammers create fake dating profiles and strike up a relationship with you. When they think they've gained your trust, they ask you to wire them some money, either to come and visit you or to help them pay for emergency expenses.

You may be tempted to comply out of the goodness of your heart, but someone sincerely interested in a relationship with you wouldn't make that request. Don't send any money to someone you met online, even if you've met them in person once or twice. Report them to the FTC.