

Draft: 4/17/08

Adopted by the Life Insurance and Annuities (A) Committee

**SENIORS BEWARE — CONSUMER ALERT**  
**QUESTION CREDENTIALS OF “SENIOR SPECIALISTS”**  
**BEWARE OF “FREE LUNCH” SEMINARS**

[**Drafting Note:** States should modify this alert where necessary to reference the appropriate names and phone numbers of the security and/or insurance regulatory agencies that a consumer should contact for licensing and complaint information]

Many seniors have worked hard to accumulate a lifetime of savings. Since older adults are the fastest growing segment of investors, they have become the focus of many financial services firms’ marketing and sales activities.

Unfortunately, it can be difficult to identify legitimate offers.

State and federal regulators are increasingly concerned about abusive sales practices that target seniors and may result in fraud.

Follow these suggestions to become a more informed consumer:

- **Question the credentials of “experts.”** Individuals often boast designations and credentials using terms such as “certified”, “accredited”, “retirement planner”, “senior advisor” or “senior consultant” to convince people they have special expertise to help seniors choose investment strategies. This may not be true. While some organizations require members to complete a difficult study program and pass extensive exams to earn designations, other organizations have much less stringent requirements that can be completed in a three- or four-day course. In the worst cases, some senior “expert” designations are earned simply by paying a monetary fee. Ask about the financial experts’ qualifications and track records and check them out for yourself. Find out how they earned the credential and whether the credential requires learning more about older adults and/or more about the product being sold.
- **Beware Of The “Free Lunch” Investment Seminar.** According to a report from FINRA (Financial Industry Regulatory Authority), four out of five investors 69 years and older received at least one invitation to a free lunch investment seminar in the past three years and three out of five received six or more. There is *always* a catch to a “free” seminar, even those advertised as unbiased and educational. Federal regulators examined 110 firms that offer free lunch seminars and found that **every** “seminar” was a sales presentation. Such seminars often use enticements, including free meals and door prizes or claims of “urgency” or “limited space,” in order to encourage you to attend. You should be aware that if you give contact information on a registration form, that information will be used to solicit you for future sales and marketing efforts.

- **Does this product make sense for you?** Always be sure you understand what is being sold. Do not hesitate to ask questions. Financial products can be complicated even for the most informed consumer. You should be able to explain this product in your own words to someone (other than the salesperson) in a way that makes sense to both of you. The product must be right for you, your lifestyle, your financial goals, and your tolerance for risk. It's rare that one product will meet the financial needs and goals of everyone attending a seminar. Be cautious about any promises that one product can meet all your financial needs. If the presenter doesn't know your personal financial situation, he/she can't know if the product is right for you.
- **Never make a final decision at a seminar.** A *Boston Globe* article reported that "more than a third of "free lunch" seminars aimed at seniors focused on unsuitable or fraudulent investments." If you attend a seminar, you may be exposed to high pressure tactics, frightening stories about individuals who don't have enough money to live on in retirement, and promises of amazing financial returns. Consider obtaining a second opinion from an accountant or other professional who will not benefit financially from the sale.
- **Report scams.** If you feel that you may have been pressured into purchasing a product that is not right for you or if you feel that you may have been misled during a sales presentation about the product you purchased or if you simply don't understand the product, do not hesitate to contact your state or federal regulator for assistance. Regulatory agencies are available to assist you. Financial scams happen to all kinds of consumers, including seniors. Do not let fear or uncertainty keep you from contacting the proper regulatory agencies.

### **Important Contacts**

In all cases, before you disclose any personal or financial information, call the state insurance department at (XXX) XXX-XXXX or the state securities regulator at (XXX) XXX-XXXX to verify that the person is licensed to sell insurance products or securities products and that there have been no complaints or enforcement actions against this person. If a company hosted the seminar, contact the Better Business Bureau (or check their website at [www.bbbonline.com](http://www.bbbonline.com)) to learn about any complaints. To check for complaints against securities brokers, visit [www.nasaa.org](http://www.nasaa.org) or call the NASAA (North American Securities Administrators Association).