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## Tips on Protecting Yourself From Elder Financial Abuse

*By Ingrid Evans, Attorney  
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### ANNUITIES - WHAT TO BE AWARE OF?

#### Deferred Annuities - What YOU Should Look Out For

*Have you ever had the following happen to you?*

- Attended a free-lunch seminar involving retirement planning?
- Met someone who offered you free estate planning advice, or offered estate planning services or a living trust for a very small price?
- Met someone who offered you a reverse mortgage?
- Met someone who offered to move your risky investments into a safer financial product?
- Met someone who introduced themselves as a Certified Senior Advisor or an expert in senior financial planning?
- Had an insurance agent visit your home?

**These are some of the schemes used** by insurance agents/companies to market and sell financial products known as deferred annuities. While agents often talk about the benefits of deferred annuities, you should be aware of their disadvantages.

**Deferred annuities** are long-term products that tie up your assets and may even take money from you or your heirs if you pass on before the product matures. Some examples of their disadvantages include:

- **Surrender Charges** - Penalties that apply when you try to surrender or withdraw monies from a deferred annuity. The penalties can last as long as 10-15 years, and can sometimes be as high as 25%!
- **Forfeiture Charges** - What would you think if someone offered you a higher return through a bonus or interest tied to a stock market index, only to find out these extras require you to hold onto the policy for as long as 15 years to avoid forfeiting them?
- **Charges at Death** - Deferred annuities offer a death benefit when you die, but you should check to see if the policy can penalize your heirs/estate at your death.

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- **Teaser Interest Rates** - If an agent offers a high rate of return on a deferred annuity, you should ask if the rate drops to a lower rate the next year. Many deferred annuities drop to an interest rate much lower than CD or comparable product.

### What am I really Paying for?

Most people don't realize that deferred annuities are very costly products that the insurance companies make you pay for through rates of return that are inferior compared to other investment products or portfolios with lower costs and an equal amount of risk. So what are you really paying for?

### Typical costs include:

- **Commissions** - Did you know that the agent who offered you free advice and sold you a deferred annuity made money off of you - as much as 15% of what you paid!
- **Bonuses and Teaser Rates** - Did you know that you are paying for these extra bonuses through lower interest rates in later years?
- **Liquidity** - Did you know that the company requires a penalty if you take your money out, even if for an emergency, before the surrender charge period expires?

### Your Senior Expert May Not Be an Expert

All deferred annuities are sold by insurance agents licensed with the state. Some insurance agents may have little or no qualifications or expertise in financial planning. In recent years, some agents have used allegedly phony credentials like Certified Senior Advisor that falsely represent their actual qualifications or expertise in financial planning.

### Deferred Annuities - What YOU Can Do to Protect Yourself

*There are a number of things you can do to protect yourself from fraud.*

- If you were already sold a deferred annuity, you have 30 days to cancel it if your are 65 or older.
- If you were already sold a deferred annuity, call our attorneys toll free at [888-503-8267](tel:888-503-8267).
- Research the product.

**Get an opinion from an independent financial advisor** who is not getting a commission and is not an insurance agent.

- **Ask** if there are surrender or death charges.
- **Ask** how much the agent is earning in commissions.
- **Ask** what specific fees and charges are featured.
- **Ask** if the interest rate drops after the first year.
- **Consult websites and resources** related to senior financial planning in order to learn about deferred annuities.
- **Check to see if there is a pending lawsuit** against the insurance/annuity company.

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- **Always have a close friend or family member to consult** with when making investment decisions. Most importantly, have a *reputable* financial planner look over the product to see if it is appropriate.
- **Check the agent's credentials.** Here are some resources you can use to research the agent:
  - State Departments of Insurance such as the [California Department of Insurance](#)
  - SEC and [FINRA](#) (formerly NASD)
  - The internet - use any major search engine such as [Google](#) or [Yahoo!](#)

**Watch out for agents who use phony certifications** that misrepresent their actual qualifications or expertise. Always check to see if that credential is valid and matches that agent's expertise.

#### **Some designations you should look out for:**

- **Certified Senior Advisor (CSA)** - earned through three and a half-day course, where no college degree or prior financial experience is required.
- **Certified Retirement Financial Advisor (CRFA)** - earned through a four-day in-person or self-study course. College degree or prior financial experience is required.
- **Certified Senior Consultant (CRC)** - earned through a thirty-hour self-study course. An undergraduate degree and *one year of experience in financial service* is required.

#### **Compare:**

**Certified Financial Planner (CFP)** - A master of 89 topics in integrated financial planning. At a minimum, in order to earn this designation, an undergraduate degree is required, plus course training in the above topics, as well as passage of a ten-hour multiple choice exam.

*If you have already purchased a deferred annuity, here are some things you can do to make sure you understand the policy you purchased:*

- **Read Your Policy** - If needed, consult a close friend or family member and reputable financial planner.
- **Opt for the Free-Look Period** - Most states have laws which allow you to cancel your policy if done within the certain time period. In California, it is 30 days.

#### **About The Evans Law Firm**

*The Evans Law Firm is a plaintiffs' firm concentrating on elder abuse (physical and financial), consumer fraud class actions involving, particularly insurance and banking claims, consumer product liability and personal injury/wrongful death cases, particularly asbestos-mesothelioma, pharmaceutical product liability, negligence personal injury claims, as well as qui tam (whistleblower/false claims) and employment discrimination litigation.*

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