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INVESTOR'S EDGE

Scammers will steal $10B from Americans this year alone

Retirees, who may be less savvy about technology, are often the most targeted

"Confidence comes from being prepared."
— John Wooden

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This month, rather than discussing a particular stock or investment strategy, I am going to address a growing problem that all readers and local investors should be aware of — financial scams.

You probably have at some time been the target of phishing emails, robo-calls, and other tactics that attempt to steal your personal and financial information. Even worse, a surprising number of people in the United States have had their credit card information stolen and fraudulent charges posted. The fact is, scammers are becoming more sophisticated and malicious in their tactics. It is conservatively estimated that Americans will lose close to $10 billion to a variety of phone, email, phishing, and other related types of scams in 2019 alone.

As a co-host of WCNY'S Financial Fitness show a few years back, I met many investment professionals, and we still occasionally meet to talk shop. It has become clear from these conversations that there is a relatively new — and unfortunately effective — scam that targets retirees who have investment assets: "The Grandparent Scam."

In essence, scammers call your home claiming that a member of your family is in trouble (car accident, in jail, stuck in a foreign country, etc.) and need your help. Oftentimes, they will impersonate

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a younger family member (grandchild), knowing many of their basic personal information, and incredibly, even sounding like them! They provide enough personal details to make the story quite believable and say they are in desperate need of immediate help. They will request you to wire them a sum of money, divulge credit card information, or even ask you to liquidate portions of your investment accounts as soon as possible. Typically, they claim that if you call or tell anyone else they will end up in deeper trouble.

These scammers specifically prey on retirees, who may not be technologically savvy, making them more vulnerable targets. Be aware, many of the scams that have been successful are not for just a couple hundred, or even a thousand dollars, they have been much higher to the tune of $50,000, $100,000, or even $500,000. And there is often no insurance to make up for this — nor is the bank or brokerage firm liable if you fall for it. According to the Senate Committee on Aging, retirees will lose an estimated $3 billion this year at the hands of this and other types of scams.

Here are a few tips you can take to make sure you do not become a victim of the grandparent's scam or other schemes that seek to steal your information.

- Always, and immediately, involve other family members to verify if there is a genuine need. Establish a secret name or phrase with your close family members, which you can use in emergencies, or if you need to verify their identity. Remember that scammers might already know or have personal information about you or a family member before they call you.
- Keep in mind that your bank or credit card company will never call you asking for your personal or financial information, offer to lower your interest rates, etc. Similarly, the IRS, Social Security Administration, or law enforcement will never call your residence claiming that you owe them money and threaten legal action. These are very common types of phone scams that many people fall prey to.
- Never open an email or click on a link from a sender you do not know. Often these messages can be embedded with malware that steals information off your computer. Never share or send passwords. Update them regularly and make them difficult to guess.

Please know that your assets at your bank and brokerage firm are very safe. The scammers target individuals, and their success depends on you falling for them and personally sharing your information or wiring them money. Just be aware of these potential schemes, and you should be well armed.

Finally, time flies, as the saying goes, and 2019 is almost over. Markets are preparing to close out a great year — as I predicted in January. Below is a useful, though not comprehensive checklist of some financial savvy moves to make as the year ends:

1. If you are 70½ or older, and have a Traditional, Rollover, or SEP Individual Retirement Account, be certain to take your minimum distribution .

2. Take advantage of your employer's retirement plan should they have one. In 2019 you can contribute $19,000 to a 401(k) and an additional $6,000 if you are over 50. Similarly, fund an IRA. In 2019, you can contribute $6,000 to a Traditional or Roth IRA, and $7,000 if you are over 50 (note that income restrictions may apply).

3. In taxable investment accounts, limit or offset realized capital gains if and where appropriate by realizing your losses, if you have any.

4. Review your investment portfolios including asset allocation, security selection, and risk tolerance. Working with an investment adviser can help significantly with constructing and monitoring a long-term investment plan and reaching your financial goals.

Happy Holidays!

Jim Burns, a chartered financial analyst, is president of J.W. Burns & Co. The opinions expressed here are his and do not necessarily reflect those of The Post-Standard. Readers should do research before deciding on an investment.
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