

Beware of Scams

By Tammy Flanagan

December 18, 2014

Many federal employees and retirees have amassed large balances in their Thrift Savings Plan accounts. That gives them some long-term retirement security, but it also exposes them to targeting by scammers who want a piece of their nest eggs.

No one wants to be misled by unscrupulous sales people. Unfortunately, it happens all too often -- sometimes even on federal property during pre-retirement seminars. The National Institute of Transition Planning, which pays me to provide unbiased information to federal employees at seminars, has been diligent about never selling anything to employees.

Beware, though of “free” seminar presenters who ask only that they be allowed to pass out business cards or financial planning products in exchange for providing a presentation. The [North American Securities Administrators Association has issued a warning](#) about “free meal seminars.”

“While the ads may stress that such seminars are ‘educational,’ and ‘nothing will be sold at this workshop,’ many of these seminars are intended to result in the attendees’ opening new accounts with the sponsoring firm, and ultimately, in the sales of investment products, if not at the seminar itself, then in follow-up contacts with the attendees,” the association says. “Seniors seeking educational insights and information should be aware that the primary goal of the sponsors of these free meal seminars is to obtain new customers and sell investment products.”

Earlier this year, Aaron Katsman [wrote in MarketWatch about retirement scammers](#) “pushing all kinds of schemes that ultimately take advantage of the client and cause them much financial harm.” Here are some things to remember if you think you might be in this situation:

- **If it sounds too good to be true, it is.** When I’m teaching seminars at federal agencies, I often hear people say things like this: “My financial adviser is my brother-in-law, and he’s letting me in on something that is guaranteed to pay 8 percent returns.” There are no guarantees when it comes to investing. This is a sure sign that you are buying a product rather than investing for future returns.
- **Beware of “pump and dump.”** According to the Financial Industry Regulatory Authority, [stock spamming is in high gear](#). If you get a random email or see something on social media aimed at convincing you to buy a specific stock, it could be the work of fraudsters looking to drive the price up. Then they can dump shares at an inflated price and leave investors holding the bag.
- **Only work with licensed professionals.** You can use [FINRA’s broker check](#) or the Certified Financial Planner Board of Standards’ [certification check](#).
- **Watch your statements.** A sure sign of a problem is when you don’t receive account statements on a regular, recurring basis and instead your statement looks like it was produced manually.

In an effort to fight fraud, the TSP provides guidance on spotting scams. It has, for example, posted warnings about [phishing, e-mail scams and bogus websites](#).

Here are a few resources aimed specifically at preventing scams targeting seniors:

- [AARP on Fraud Protection](#)

- [AARP Quiz: Elder Financial Abuse](#)
- [Consumer Financial Protection Bureau/Federal Deposit Insurance Corporation course: Money Smart for Older Adults](#)

While you always should be on the lookout for scams, there are reasons why moving your TSP funds to an IRA might make sense. If you need investment help and guidance, you should not be afraid to hire a qualified specialist to help you. I've written on this subject before in two columns: [When to Seek Financial Help](#) and [Getting Help](#).

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<http://www.govexec.com/pay-benefits/retirement-planning/2014/12/beware-scams/101613/>