



Protecting Yourself: *Elder Scams, Fraud, and Abuse*

LIFETIME INCOME CASE STUDY

Presented by Puplava Financial Services, Inc.
Registered Investment Advisor

Bill & Alice Burns

Important Notice:

This is a hypothetical illustration based on real life examples. Names and circumstances have been changed. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investments or strategies may be appropriate for you, consult with a financial advisor prior to investing.

ESSENTIAL INFORMATION

Client:	Bill & Alice Burns.
Ages:	Bill is age 87. Alice is age 86.
Retirement:	Both are several years into retirement.
Life expectancy:	Both age 95.
Risk tolerance:	Conservative.
Investment objective:	Income with Capital Preservation.



ELDER ABUSE DESPITE GOOD INTENTIONS

Key Points

- Be careful who you turn to for advice
- Always know the background of any advisor you work with
- There are many laws to assist elders to avoid predatory advisors
- Be vigilant and there are avenues to pursue if you come across a bad advisor

Elder abuse despite good intentions...

Bill is 87 and Alice is 86 years old and they have been married for 51 years. They both have recently noticed differences in their health and have become increasingly concerned about covering the costs of long-term care. Alice recently saw an ad in the local Sunday paper for a fee seminar on ways to pay for long term care with the use of Medicaid planning so the state pays for the costs associated with long term care. Part of their marketing material included misleading information, an example being an article entitled, "Warren Buffet Predicts Stock Market Crash."

After attending the event, two of the agents came to the couple's home and stayed for 4 hours getting them to sign loads of paperwork. The agents recommended transferring the IRA's into an annuity to qualify for Medicaid. Bill and Alice were not sure what they signed and did not receive any copies. A couple of days later, they came into our office telling us of these events and asked for our advice. Many red flags were raised when we had heard the story. We reviewed the client's situation and completed a financial plan to see if this planning strategy was even needed.

Elder abuse despite good intentions (continued)...

We also took some time to look further into the backgrounds of the other advisors using public resources like [BrokerCheck.com](https://www.brokercheck.com). As a result, we learned that both were banned from the securities industry and one was a convicted felon. They only had their life insurance licenses and were appointed (allowed to sell) for only one insurance company. Bill and Alice had called numerous times and they never received a call back from the other agents.

After speaking with a local attorney who's a trusted partner of ours, we learned that 1) the IRA is already exempt, and 2) that using an annuity DOES NOT help qualify the client for Medicaid. We contacted the annuity company to lawfully void any policy in their name under the free look-back provision and reported the other agents to the insurance company and to the California State Insurance board for predatory and misleading sales practices.

WHAT IS IMPORTANT TO BILL & ALICE?



Maintaining liquidity



Planning for long life expectancy



Managing medical and long term care costs

BILL & ALICE'S CURRENT BUDGET

✓ Essentials:	\$45,000
✓ Discretionary:	\$9,000

TOTAL: \$54,000

Combined Social Security:	\$26,000
Combined Annuity Income:	\$18,000
Shortfall:	-\$10,000



BILL & ALICE'S ASSETS

Non-Investment Assets

✓ Primary Residence: \$520,000

Investment Assets

✓ Bill's Retirement: \$475,000

✓ Alice's Retirement: \$35,000

✓ Joint/ROS: \$150,000

Total Investment Assets \$660,000

Total Assets: \$1,180,000

Net Worth: \$1,180,000

BILL & ALICE'S FINANCIAL PLAN CHALLENGES

1. Avoiding predatory advisors.
2. Protecting the client's assets.
3. Maintaining liquidity.
4. Properly managing risk.



BILL & ALICE'S RETIREMENT INCOME STRATEGY

Combined Social Security	\$26,000
Combined Annuity Income	\$18,000

Investment Income

Bill's Retire.	\$475K	Fixed Income & Dividend Payers @ 3.1% ¹	\$14,725
Alice's Retire.	\$35K	Fixed Income & Dividend Payers @ 3.1% ²	\$1,085
Joint/ROS	\$150K	Fixed Income & Dividend Payers @ 3.1% ³	\$4,650
		Total Investment Income	\$20,460
		Grand Total Income	\$64,460
		Less Budget	\$54,000
		Surplus	\$10,460

1, 2, & 3: Yields are for current portfolio yields as of 10/25/16. Please see disclosures at the end of this presentation for security risks.

GOAL BASED RECOMMENDATIONS FOR BILL & ALICE

Goal

Strategy

Protecting assets

We recommended they speak with a local attorney to review their estate plan and assist with Medicaid planning.

Managing medical costs

In order to produce additional income, their assets were invested in a conservative manner using stocks and bonds.

Maintaining liquidity

The important recommendation we made here was to avoid using an annuity that would tie up their assets and reduce their income potential.

Avoiding predatory advisors

Completed a financial plan for the client and reported the advisors to both the annuity company and state authorities.

Resources to Learn More:

1. Consumer Protection Finance Bureau -

<http://www.consumerfinance.gov/older-americans/>

2. National Committee for the Prevention of Elder Abuse -

<http://preventelderabuse.org/elderabuse/>

What to do if you suspect Elder Abuse:

1. Contact the local authorities where the Elder lives including police and Adult Protection Services (APS).
2. Eldercare Locator - Call 1-800-677-1116 where trained operators will refer you to a local agency that can help. The Eldercare Locator is open Monday through Friday, 9 a.m. to 8p.m. Eastern Time.
3. Links to State Elder Abuse Hotlines - http://www.nccafv.org/state_elder_abuse_hotlines.htm

Disclosures:

- 1. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*
- 2. The payment of dividend is not guaranteed. Companies may reduce or eliminate the payment of dividends at any given time.*
- 3. Fixed annuities are long-term investment vehicles for retirement purposes. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. Guarantees are based on the claims paying ability of the issuing company. Withdrawals made prior to age 59 1/2 are subject to a 10% IRS penalty tax and surrender charges may apply.*

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If you have any specific questions or comments, please give us a call at

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We're happy to speak with you.

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