Senior Identity Theft, P065411

7 Identity Theft Schemes That Target Seniors
How Criminals Attack Our Greatest Generation

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We’ve heard the stories about seniors who fall prey to scams: The 72-year-old who was billed for a pregnancy test. The retiree whose life savings was stolen in seconds. The grandmother who paid $100,000 for lottery winnings that never rolled in.

Seniors are vulnerable to identity theft scams because often they are more trusting, have more savings and home equity built up, and are less likely to closely monitor their credit and financial accounts.

A 2011 MetLife Mature Market Institute review of research and news reports estimated that elderly victims lose at least $2.9 billion annually from fraud, up 12 percent from 2008. Seniors comprise 13 percent of the U.S. population, and their numbers are growing as baby boomers enter that age range.

Other factors that heighten the risk of identity theft and fraud for seniors, according to the FBI, include disposition. “People who grew up in the 1930s, 1940s, and 1950s were generally raised to be polite and trusting,” the bureau notes. “Con artists exploit these traits, knowing that it is difficult or impossible for these individuals to say ‘no’ or just hang up the telephone.” Other factors include a lack of reporting, whether out of shame or simply not knowing whom to call.

Seven identity theft schemes that senior citizens are particularly vulnerable to include:

1. **Medical identity theft.** This occurs when a victim’s personally identifiable information (PII), most often a Social Security number, is stolen and used to bill Medicaid or an insurance company for services the victim did not receive. This tends to be a costly form of identity theft, due to the high costs of health care. Medical identity theft also is difficult to untangle, as federal and state governments, along with national insurance carriers, often don’t have robust security and investigations teams in place. When one victim asked a Medicaid representative why they continued to pay fraudulent charges, the rep said, “Because they come to us.”

2. **Estate identity theft** exists when a criminal collects tax returns, Social Security checks, and other benefits using PII from the recently deceased. This crime often is perpetrated by a family member of the deceased and can be misinterpreted as “victimless.” Yet it can take an emotional toll on relatives and friends struggling with loss and grief. It may also carry financial consequences if debt is incurred or inheritances are lost. Due to red tape, it can take years for families and estate executors to sort through the crime.
3. **Tax fraud** is an increasingly common form of identity theft across all age groups, but seniors are often slower to discover the crime and seek help, for reasons described earlier. Tax fraud occurs when a criminal files taxes using a stolen Social Security or Employee ID number to collect a victim’s tax return. Like all forms of identity theft, this personal information is often gained through the loss of the victim’s personal documents—a lost purse or wallet.

4. **Phone scams** or telemarketing fraud strikes when criminals communicate with victims by phone. The pretense for the call can vary from selling specialized products to awarding free prizes or health care services. But the ultimate goal is to get the victim’s PII and financial information, such as credit card numbers. Seniors are especially at risk for phone scams, according to the FBI, particularly older women living alone.

5. **Military identity theft** is the takeover of a service member’s personal information to claim military benefits. It works much like Medicaid fraud or medical identity theft. Veterans also are susceptible to phone scams, as was recently the case in Colorado when a scammer called veterans to “confirm” disability status and, in the process, stole personal information including Social Security numbers.

6. **Wire transfer fraud** happens when a criminal uses a victim’s personal information and/or online banking information to electronically transfer money from their financial accounts. The crime often goes unreported for 30 days or more—until the victim sees a bank statement. In 2010, wire transfer fraud complaints to the Federal Trade Commission reached a high of 44 percent, up 21 percent from 2009.

7. **Familiar fraud** can play out as traditional identity theft—credit cards, loans or purchases made in the victim’s name—or any of the specific brands of identity theft listed above. What makes it unique is that perpetrators are friends or relatives. Children and the elderly are at risk because they may be unable to guard against or respond to the crime.