

OAST & HOOK

Offices in  
Portsmouth and  
Virginia Beach, Virginia  
Tel: 757-399-7506  
Fax: 757-397-1267  
Web: www.oasthook.com



Member, National Academy  
of Elder Law Attorneys

### INSIDE THIS ISSUE

- Seniors – Beware of “Instant Experts”
- Distribution of this Newsletter

Editor  
Sandra L. Smith,  
Certified Elder Law  
Attorney

## SENIORS – BEWARE OF “INSTANT EXPERTS”

A recent *New York Times* article, “For Elderly Investors, Instant Experts Abound,” discusses the thousands of financial advisers who are working hand-in-hand with insurance companies, and who are marketing themselves with credentials such as “certified elder planning specialist,” “registered financial gerontologist,” and “certified retirement financial advisor.” Although these credentials may sound impressive to seniors, many of these titles can be earned in a few days, and sound similar to credentials such as “Certified Elder Law Attorney (“CELA”)” or “CERTIFIED FINANCIAL PLANNER™,” that require years of study, difficult tests, and background checks.

Some financial advisers say that these titles are “a scam, a way to put a title on a business card that impresses gullible seniors.” Although many graduates of these programs say they only want to help seniors, some are dispensing financial advice that they are unqualified to offer. Thousands of these advisers are being paid by insurance companies, like Allianz Life, Old Mutual Financial Network, and American Equity Investment Life Insurance, to sell complicated investments to the elderly that some experts say seniors should not own. Minnesota is currently suing several companies, including Allianz, saying that these products are inappropriate. These three companies have all issued statements saying that they were unaware that any abusive sales methods were used at sales seminars they endorsed, and that they investigate the backgrounds of agents, screen sales, and have terminated representatives that use improper sales methods.

Complaints about sales of insurance products have increased dramatically, particularly complaints regarding inappropriate annuities. According to the North American Securities Administrators Association, over one-third of all cases of financial exploitation of the elderly involves annuities. Hundreds of lawsuits have been filed against insurers regarding annuity sales to seniors, and earlier this year a judge in Minnesota ruled that one class-action suit (against Allianz) could involve as many as 400,000 plaintiffs.

Deferred annuities made up 97% of all annuity sales in 2006, and these annuities are most often the subject of lawsuits. Deferred annuities require buyers to wait as long as ten years to begin receiving benefits. Financial experts say that deferred annuities may be appropriate for wealthy elderly investors who are looking for ways to transfer their savings to their heirs, while avoiding large tax payments. These experts also say, however, that most deferred annuities are not an appropriate choice for retirees living off of their savings, because elderly buyers are more likely to die before the annuity contract starts to pay out. Deferred annuities offer sales agents the highest commissions, which is one reason so many are sold.

Seniors should be aware that certifications, like “certified elder planning specialist,” “registered financial gerontologist,” and “certified retirement financial advisor,” may be used by sales agents trying to sell them inappropriate products. As a result, seniors should seek professional legal and financial advice before purchasing investment or insurance products, particularly deferred annuities. Oast & Hook can provide seniors and their families with legal, financial, and insurance planning and assistance with CELAs and a CFP®.

### **Distribution of This Newsletter**

Oast & Hook encourages you to share this newsletter with anyone who is interested in issues pertaining to the elderly, the disabled and their advocates. The information in this newsletter may be copied and distributed, without charge and without permission, but with appropriate citation to Oast & Hook, P.C. If you are interested in a free subscription to the *Elder Law News*, then please e-mail us at [eln@oasthook.com](mailto:eln@oasthook.com), telephone us at 757-399-7506, or fax us at 757-397-1267.

### **Copyright © 2007 by Oast & Hook, P.C.**

*This newsletter is not intended as a substitute for legal counsel. While every precaution has been taken to make this newsletter accurate, we assume no responsibility for errors, omissions, or damages resulting from the use of the information in this newsletter.*

*This newsletter is produced to be sent electronically. If we currently fax you a copy of the Elder Law News but you prefer to receive it by e-mail, then please contact us at: [eln@oasthook.com](mailto:eln@oasthook.com).*

*If you would like to be removed from our Elder Law News distribution list, please e-mail us at [eln@oasthook.com](mailto:eln@oasthook.com), telephone us at 757-399-7506, or fax us at 757-397-1267.*