

# TOL Workbook for Financial Exploitation Mini-Module

## **Living Trust and Annuities Scams**



Developed by Kevin Bigelow

**Topic:**

Living trusts and annuities are legitimate estate planning tools and/or documents that can be used legally for financial planning, or as a form of investment. Unfortunately, many unscrupulous persons have used them to defraud unsuspecting victims. In this eLearning, you will learn about living trusts and annuities, and how they may be used to victimize unsuspecting persons.

**Objectives:**

At the end of this module, participants will be able to:

**Define an ‘inappropriate’ annuity and identify indicators that may result in financial abuse**

**Define living trust scams and identify indicators that may result in financial abuse**

**Identify steps to take in the investigation**

**Identify partners in the field**

**Activities:**

Supervisors can use this workbook to provide training for new staff or as a refresher or supplemental training to more experienced staff on living trusts and annuities scams. This information provided in this Supervisor Transfer of Learning Activity Workbook will describe living trusts scams and ‘inappropriate’ annuities as well as identify the indicators related to the illegal use of these financial instruments by predators in order to take money or property from unsuspecting victims.

**Suggested Readings:**

- California Attorney General’s Warning on Trust Mills: [http://ag.ca.gov/consumers/general/living\\_trust\\_mills.php](http://ag.ca.gov/consumers/general/living_trust_mills.php)
- California Attorney General’s Press Release on Living Trusts and Annuities Scams [http://oag.ca.gov/news/press\\_release?id=782&y=2003&m=](http://oag.ca.gov/news/press_release?id=782&y=2003&m=)

## **Learning Objective #1:**

### **Define an ‘inappropriate’ annuity and identify indicators that may result in financial abuse**

Let’s first start with answering the question - What is an annuity?

An annuity is a contract a person makes with an insurance company in which the insurance company promises to make payments -- now or in the future -- in exchange for the money invested.

A deferred annuity which distributes payments years after the original premium is paid, offers tax benefits but delays payment for a set amount of time. This can be very harmful to the senior who needs liquid assets to pay for day-to-day living or caregiver expenses.

There are numerous types of annuities:

- **Single Premium Annuity:** The senior only makes one payment to the insurance company with this type of annuity.
- **Multiple Premium Annuity:** The senior must make multiple payments to the insurance company with a multiple premium annuity.
- **Immediate Annuity:** An immediate annuity begins to distribute payments no later than one year after the premium is paid.
- **Deferred Annuity:** A deferred annuity distributes payments years after the original premium is paid.
  - Life Annuity — The insurer will pay you an income for as long as you live. However, there are no survivor benefits. This means all benefits cease upon your death.
  - Period Certain Annuity — The insurer will pay your survivor an income for a specified amount of time (5 years, 10 years, 20 years, etc.) if you die.
  - Life Annuity with Period Certain — The insurer will pay you an income for as long as you live, but if you die before the certain period that you have chosen (Period Certain), the income will be paid to a survivor (beneficiary) you designate until the end of that period.

- **Joint and Survivor Annuity** — The insurer will pay an income to you during your life, and after your death will pay a percentage of that income (50% or 75%, for example) to a survivor you designate during his or her life.
- **Fixed Annuity:** This is an annuity in which the senior's money, minus any applicable charges, earns interest at rates set by the annuity contract.
- **Variable Annuity:** This is an annuity in which the insurance company invests the senior's money, less any applicable charges, into stocks, bonds or other investments. If the fund does not perform well, the senior may lose some or all of his/her investment.
- **Equity-Indexed Annuity:** This is a variation of a fixed annuity. In an equity-indexed annuity, the interest rate is based on an outside index, such as a stock market index.

**Surrender Charges:** If the senior cancels the contract, or must take some money out of it, there may be surrender charges deducted from the accumulation value. The amount the senior will receive is the "cash value". It is usually not a good idea to purchase a deferred annuity unless you are planning to keep it for more than 7-8 years.

**Indicators that an annuity may be a scam, and therefore a financial ‘trap’ to signers includes:**

**1. The senior is unlikely to live to collect**

While estimates on average human life spans vary, some annuity scams dupe purchasers of annuities into buying annuities that they will never live to collect from. Victims, lulled into a false sense of security may not read or understand the terms of an inappropriate annuity and may invest their money without realizing they have been victimized.

**2. The annuity (or multiple annuities) makes up more than 35% of the senior’s assets (not including the value of their home)**

An annuity is supposed to be a supplemental investment, not the sole investment of someone’s life. By tying up an inappropriately large portion of someone’s resources, predatory salesmen may take advantage of unsuspecting victims.

**3. The surrender penalty (the amount that the senior will lose if they cash-in an annuity early) is more than 14% of the principle.**

This is because the surrender penalty is usually equal to the salesperson’s commission. Some annuities have surrender penalties as high as 25%. While all annuities may have a surrender penalty, annuities sold by annuities scammers or other unethical insurance sales people may have exceptionally high surrender penalties, designed to discourage ‘cashing in’ an annuity, and assuring the seller that they will retain their profit if the purchaser changes their mind.

**4. The same agent has sold the senior multiple annuities.**

The purchase of a single annuity may be a considerable investment. It would be unethical for an insurance salesman to sell more than one annuity to the same person.

## **Discussion Questions:**

In a new employee orientation or staff meeting discuss the following aspects of 'inappropriate' annuities that may result in financial abuse.

### **1. Senior is unlikely to live to collect:**

- Why would unscrupulous sales persons want to sell unsuspecting people annuities that they would never be able to benefit from?
- How would the sales person benefit from the sale?
- Can you identify some factors that might contribute to seniors' lack of awareness about these types of details (i.e. hesitant to ask questions, cognitive impairment, etc?)
- What attributes might unscrupulous annuities sellers look for in a client if they are planning to deceive them? (e.g. trusting nature, low financial literacy, etc.)

### **2. The annuity (or multiple annuities) makes up more than 35% of the senior's assets:**

- Considering that annuities often tie up the purchasers funds for a set (and sometimes lengthy) period of time and that there may be a substantial penalty, can you identify why being unable to access or spend 35% or more of their funds could be problematic for seniors?
- What types of situations might seniors be more prone to face that would require them to draw heavily on their assets (e.g. health issues/medical costs, financial crisis/loss of retirement, etc)?
- How might confusion on a senior's part, or lack of familiarity with handling financial matters affect their decision making about how much of their assets they can commit to an annuity (or more than one)?

### **3. The surrender penalty (the amount that the senior will lose if they cash-in an annuity early) is more than 14% of the principle:**

- How would this penalty serve to benefit the unscrupulous sales person, even if the senior cashes in the annuity before it has matured?

**4. The same agent has sold the senior multiple annuities:**

- Considering that one annuity is a sizeable investment, why would the unscrupulous sales person want to sell more than one annuity to a senior (how would the unscrupulous sales person benefit)?
- How would 'if one is good, two would be better' thinking affect seniors that have been lulled into a false sense of security with regard to purchasing annuities?



## **Learning Objective #2:**

### **Define living trust scams and identify indicators that may result in financial abuse**

Let's first start with answering the question - What is a living trust?

A living trust is an estate planning tool that transfers a person's assets, while she is still living, into a trust that holds those assets until death. Assets are then distributed at the time of death to beneficiaries without going through probate (probate is the court-supervised process of settling debts and distributing property).

Living Trust scams are often used to identify possible targets for annuity sales and abuse. Although living trusts and annuities actually have nothing to do with one another, often living trust presentations or sales meetings held by unscrupulous sellers of annuities have the covert intent of scaring elders about the prospect of outliving their assets, getting them to divulge private financial information, and then selling them highly inappropriate annuity products for high commissions.

### **Discussion Questions:**

#### **Discuss bait and switch tactics and how they may relate to the Living trust / Annuity Scams.**

The 'bait and switch' scam is a very old one. It entails tempting a sales prospect with one thing with the actual intent of selling them another one. Very often the item or service being 'switched' on the buyer is either inferior, has a hidden cost, or is not truly what the purchaser wants. Do you recognize, or have you encountered any of these types of bait and switch scams:

Examples:

You see as television on sale in a store front window for a very low price, but when you inquire inside, you are told that they have sold out of that model, but they attempt to interest you in a less desirable model.

You see a television commercial that shows a new vehicle for a remarkably low price, but when you go to the dealership, you are told "we only had two cars at that price and they are gone" but they attempt too interest you in a vehicle that is less desirable.

**Discuss any advertisements you may have seen on television, in newspapers, or heard on the radio that are suspicious.**

- Bearing in mind that not all of these are scams involving unscrupulous scammers, what factors in these advertisements would tend to appeal to persons, especially seniors (such as protection of their assets, high rates of return, etc)?

## **Activity #1:**

See Handout at end of the workbook.

### **Vignette – Mildred**



Mildred is a 76 year old woman, whose husband passed away three years ago. Her husband had always handled the finances for Mildred and himself, and now that he is gone she often worries about money. Mildred read the newspaper one day and saw an advertisement for a free seminar on living trusts. The seminar was in her neighborhood, and she decided to attend.

On arrival at the seminar, Mildred was greeted by two handsome young men wearing suits and ties. As the seminar began, the young men introduced themselves. One of the young men told a couple of jokes about attorneys that emphasize how much money attorneys cost. Mildred began to warm to the young man speaking. She knew that attorneys are expensive; this is one reason that she had not consulted one about her finances. Besides, the young man talking reminded her of her son when he was the same age. The presenter went on to say that wills are expensive, and that they must go to probate court, which is a very expensive process. The presenter talked about how wills can be contested, and may not be secure. Hearing this, Mildred began to feel anxious, she had a will, but now she was not certain that it will protect her estate.

The presenter went on to talk about living trusts, and extolled their benefits. He also talked about tragic cases where people have lost everything because they did not have a living trust. By the end of the presentation, Mildred was sold.

Living trust packages were being sold at a discounted price as long as the purchaser committed to buy right after the presentation. The young man thanked Mildred when she gave him a check for the living trust, and told her that he would come to her home to set up the trust. Mildred was feeling better about her finances and protecting them, and looking forward to the young man visiting.

A week later, Larry, the young man from the presentation came to her home at a pre-arranged time. Larry brought along a friend, named Ken. Larry told Mildred that Ken may be able to offer her a great opportunity. Larry obtained some more information about the living trust, and then told Mildred that he was concerned about her assets being at risk. He explained this is why he has brought Ken along, so he can help her with this. Ken talked about the importance of purchasing an annuity, how much it will pay when it matures, and the dire consequences that have befallen persons who have not had one.

When Mildred balked at hearing how much an annuity may cost, Ken and Larry reassured her -telling her how a reverse mortgage can be used to access cash from her home that she can use to purchase the annuity. Mildred's head was spinning, but she was comforted by the thought that these two young men could help her from running out of money. She already trusted Larry, and Ken was a Licensed Insurance Agent.

**Answer the following questions about Mildred's vignette:**

1. What are some of the factors that influenced Mildred to attend the living trust seminar? *(Possible answers – unfamiliarity with personal finances, fear of outliving financial assets, loneliness, etc.)*
2. What techniques did the seminar presenters use to convince the attendees that they need to have a living trust? *(Possible answers - stories of financial tragedy befalling those who didn't have on, the insinuation that attorneys are too expensive and can't be trusted, a 'discounted' price was offered for purchasing a living trust at the seminar, etc.)*

3. Was there a 'bait and switch' element that took Mildred from the living trust to purchasing an annuity (and possibly arranging for a reverse mortgage)? When did it take place? *(Possible answers – Yes, attendees to the seminar were brought in by talking about living trusts although the sellers were primarily interested in obtaining financial information and selling annuities)*
  
4. If, indeed Larry and Ken are unscrupulous sales persons engaged in a living trust/annuity scam, what are some of the potential negative consequences to Mildred's buying what they are selling? *(Possible answers she might not have access to her funds when she needs them, she will have to pay a hefty penalty if she cashes in her annuity, she may not be able to receive the benefits of her annuity if it matures after she is deceased, her living trust may not be well planned).*

### **Identify the indicators of living trust scams**

Although fraudulent or unethical trust transactions may occur in a variety of settings, these types of living trust scams often follow a similar pattern. The following signs may indicate that a senior has been the victim of a "trust mill":

- The trust is packaged in a showy, often leather-bound binder
- Pages of the trust document appear to be boiler plate, as if client's name was simply cut and pasted electronically throughout the document
- Invoice included in the trust documents indicates that it was sold, prepared, or delivered by a non-attorney (often a notary, paralegal or insurance agent)
- The cost of the living trust is less than \$1,000
- The living trust was sold at a seminar
- The elder never met with an attorney and/or the trust was delivered directly to the home
- Paperwork for recently sold insurance, annuity or mortgage products are found either in the living trust binder or near the trust
- The client either cannot recall who sold the living trust or states that many players were involved in the transaction

### **Learning Objective #3:**

#### **Identify steps to take in the investigation**

If you should come to suspect that a client has been the victim of a living trust/ annuity scam, you will need to assess the client and the situation for the following factors:

- Does the elder have capacity?
- Did the broker use undue influence to sell the annuity?
- Were phony senior designations used to get the elder to trust the salesman? Such as: Certified Senior Advisor, Registered Financial Gerontologist, or Certified Elder Planning Specialist?

#### **Discussion Questions:**

1. Should all clients that report that they have a living trust and/or an annuity be screened for possible living trust/annuity scams?
2. If a client reports that they have a living trust and annuity, how would you be able to identify the signs that they had been the victim of a “Trust Mill”? What clues would you look for?
3. What questions would you ask about the living trust/annuities to learn if the client was financially exploited?

#### **Activity:**

See Handout at end of workbook for List of Indicators

#### **Role Play**

In a new staff orientation, or at a staff meeting or other training related setting, ask participants to role play a situation where a client has been the victim of a living trust/ annuity scam.

- Have one participant play the role of the client, unaware that they may be a victim.
- Have another participant play the role of the worker, meeting the client for the first time and exploring possible financial abuse.

- Give both participants the list of indicators for living trust/annuities scams.
- Tell the participant playing the client that in their role they do not know what has happened, and that they are very leery of telling this stranger (the worker) about their financial situation.
- The participant playing the worker should formulate questions that attempt to uncover information around the indicators, but also acknowledge the client's hesitations and leerness.
- Have the participants change roles after 10 minutes.
- The goal of this role play activity is for the attendees playing the role of the client to see what this type of questioning feels like, so that workers can identify with clients' feelings, and for the participant playing the worker to be able to practice asking these difficult questions while putting clients at ease.

### **Activity #2:**

See Handout at end of the workbook.

### **Vignette - Mildred (Continued)**

You are assigned the case of Mildred (see above). Mildred's daughter called APS and reported Mildred has been having difficulty paying the mortgage on her home, has been hospitalized more than once, and is having trouble managing her financial affairs.

You go out and meet with Mildred and find her cooperative, but very nervous. In the interview with Mildred, you learn the following: since her husband died four years ago, she has had to take on the new role of managing her finances. She was doing alright until a bleeding gastric ulcer caused her two hospitalizations within the last several months. Medicare helped with some of her expenses; however, she still owes a sizeable sum for her inpatient medical care.

She tells you that she began to run short of money several months ago, and finally she feared that she would need to cash in the annuity that she bought last year when she set up her living trust. When she checked about the annuity, she learned that she would have to pay a fee of 20% if she cashed in the annuity before it matured. When you ask Mildred when the annuity is scheduled to mature, she becomes more agitated, and tells you that she has

learned that she will have to be nearly 100 years old before it matures. She fears losing 20% of her investment (this investment in total amounts to half of her assets) but is afraid that she will lose the house if she cannot keep up the payments. She wonders aloud if she should have applied for the reverse mortgage that they offered her when she bought her annuity, but says, “I made such a mess of the annuity, I would probably mess up the reverse mortgage too!”

You ask to see Mildred’s check book and her living trust/annuity. Her checkbook looks well organized, and Mildred’s thinking seems clear, despite her distress over her finances. Mildred shows you leather bound living trust document that also holds paperwork for her annuity, which was sold to her by an insurance agent. Mildred tells you that she bought her living trust at a seminar, and then later bought the annuity for \$50,000 from an insurance agent. When you ask if an attorney reviewed her documents, she says, “I don’t think so, but the gentleman who sold it to me said that he works with attorneys.” She also tells you that the living trust was drawn up by a Certified Elder Planning Specialist

### **Questions:**

**Encourage participants to answer the following questions and then discuss their answers as a group:**

1. What do you think has happened to Mildred? *(She is the victim of an Annuity scam, and she recently discovered that she has been victimized, but she does not know what to do)*
2. Do you think that Mildred has been the victim of a “Trust Mill”? If so, why? *(Yes, her description of what occurred fits the profile of a Trust Mill. Her purchase of an Annuity that she will never benefit from also fits this profile)*
3. Despite her purchase of the annuity and setting up the living trust, she had been doing alright financially until events took place that set her back financially. What events were these? *(Her medical expenses overran her income and resources, causing her to consider cashing in her Annuity. It was at this point that she first realized the situation she was in)*

#### **Learning Objective #4:**

##### **Identify partners in the field**

When working on a financial abuse investigation, it is important to involve community partners as soon as possible. Some community partners include:

**Law enforcement** (in cases where fraud is suspected),

**Attorneys** (either the client's attorney, a legal aid attorney, or an attorney affiliated with seniors' entities) to write a demand letter to the company or to file suit against the company that sold the annuity. To get a referral to an attorney who specializes in annuities and estate planning by contacting California Advocates for Nursing Home Reform's State Bar-approved elder law panel.

**The Department of Insurance** - to file a complaint

**Behavioral health professionals-** (if competency issues or undue influence are possibilities.

All of these entities may or not be effective with resolving the difficulties that clients are facing from this type of scam. Law enforcement officials may not have enough evidence to prosecute, letters from attorneys asking for reimbursement of their clients is only about 50% effective, and many attorneys are not familiar with suing these types of entities. In addition, the Department of Insurance often will not take action against the company or sales persons. In some circumstances, the only option for the client is to cash in their annuities and pay the fees associated with doing so.

**The DA's elder abuse unit-** If your District Attorney's Office has an elder abuse unit, they may be able to assist with restitution of some or all of the victim's funds; and they may pursue prosecution of the perpetrator if there is sufficient evidence to do so.

### **Activity #3:**

See Handout at end of the workbook.

### **Vignette -Mildred (Concluded)**

You have found ample evidence that Mildred has been the victim of a trust mill scam. With Mildred's permission, you have contacted her doctor, who tells you that Mildred is competent, although the anxiety she is experiencing is not good for her health. Mildred's daughter has come from out-of-state to help her mother make difficult decisions. You have reported this incident to law enforcement, however, they do not believe that they can prosecute and have told you that they consider this a 'civil' matter.

You go to Mildred's home to meet with her and her daughter. On arrival, Mildred and her daughter tell you that she cannot pay the mortgage with her present income and with her bills for medical care. In addition, Mildred's doctor has told her that if Mildred continues to be as anxious as she is, she may have to be hospitalized again, therefore incurring yet more medical bills.

### **Questions:**

1. What suggestions could you make to Mildred at this time? *(Possible answers - Mildred could engage an attorney, she could file a complaint with the Department of Insurance, she could cash in her annuity and pay the fee if she must)*
2. In order to give Mildred and her daughter a realistic picture as to what may occur, what drawbacks to the community partners should you disclose to her? *(Possible answers - Law enforcement has said they cannot prosecute, an attorney will cost money and may or may not be effective, the Department of insurance may or may not take action)*
3. Do you think that Mildred should cash in her annuity and pay the penalty? *(Possible answers - it appears that Mildred may have no choice, especially if the community partners that might help are not able to do so)*

**Conclusion:**

Living trust and annuities scams are only one type of financial abuse scam that victims may fall prey to. As with other types of financial abuse, the best intervention is to avoid falling prey to these types of scams in the first place. Unfortunately, many seniors may have already fallen prey to unscrupulous scams by the time that a worker first has contact with them. In addition to exploring financial issues and screening for financial abuse with all cases, it is important to provide information on various financial abuse scams to clients when the opportunity presents itself. As history has proven, some seniors may be victimized more than once, so giving them precautionary information may be helpful. In addition, understanding what can or already has happened to them may allow a potential victim either the opportunity to avoid being victimized or, if they have been victimized, it may allow them some understanding and closure about what took place. As always, it is the Adult protective Services Worker who may be the first and perhaps the only person to discover that the client has been the victim of a Living trust/ Annuity scam, which makes the work that we all do so important.



## Handout

### Activity #1: Vignette - Mildred

Mildred is a 76 year old woman, whose husband passed away three years ago. Her husband had always handled the finances for Mildred and himself, and now that he is gone she often worries about money. Mildred read the newspaper one day and saw an advertisement for a free seminar on living trusts. The seminar was in her neighborhood, and she decided to attend.

On arrival at the seminar, Mildred was greeted by two handsome young men wearing suits and ties. As the seminar began, the young men introduced themselves. One of the young men told a couple of jokes about attorneys that emphasize how much money attorneys cost. Mildred began to warm to the young man speaking. She knew that attorneys are expensive; this is one reason that she had not consulted one about her finances. Besides, the young man talking reminded her of her son when he was the same age. The presenter went on to say that wills are expensive, and that they must go to probate court, which is a very expensive process. The presenter talked about how wills can be contested, and may not be secure. Hearing this, Mildred began to feel anxious, she had a will, but now she was not certain that it will protect her estate.

The presenter went on to talk about living trusts, and extolled their benefits. He also talked about tragic cases where people have lost everything because they did not have a living trust. By the end of the presentation, Mildred was sold.

Living trust packages were being sold at a discounted price as long as the purchaser committed to buy right after the presentation. The young man thanked Mildred when she gave him a check for the living trust, and told her that he would come to her home to set up the trust. Mildred was feeling better about her finances and protecting them, and looking forward to the young man visiting.

A week later, Larry, the young man from the presentation came to her home at a pre-arranged time. Larry brought along a friend, named Ken. Larry told Mildred that Ken may be able to offer her a great opportunity. Larry obtained some more information about the living trust, and then told Mildred that he was concerned about her assets being at risk. He explained this is why he has brought Ken along, so he can help her with this. Ken talked about the importance of purchasing an annuity, how much it will pay when it matures, and the dire consequences that have befallen persons who have not had one.

When Mildred balked at hearing how much an annuity may cost, Ken and Larry reassured her - telling her how a reverse mortgage can be used to access cash from her home that she can use to purchase the annuity. Mildred's head was spinning, but she was comforted by the thought that these two young men could help her from running out of money. She already trusted Larry, and Ken was a Licensed Insurance Agent.

**Answer the following questions about Mildred's vignette:**

1. What are some of the factors that influenced Mildred to attend the living trust seminar?
2. What techniques did the seminar presenters use to convince the attendees that they need to have a living trust?
3. Was there a 'bait and switch' element that took Mildred from the living trust to purchasing an annuity (and possibly arranging for a reverse mortgage)?  
When did it take place?
4. If, indeed Larry and Ken are unscrupulous sales persons engaged in a living trust/annuity scam, what are some of the potential negative consequences to Mildred's buying what they are selling?

## Handout

### Activity #2: Vignette - Mildred (Continued)

You are assigned the case of Mildred (see above). Mildred's daughter called APS and reported Mildred has been having difficulty paying the mortgage on her home, has been hospitalized more than once, and is having trouble managing her financial affairs.

You go out and meet with Mildred and find her cooperative, but very nervous. In the interview with Mildred, you learn the following: since her husband died four years ago, she has had to take on the new role of managing her finances. She was doing alright until a bleeding gastric ulcer caused her two hospitalizations within the last several months. Medicare helped with some of her expenses; however, she still owes a sizeable sum for her inpatient medical care.

She tells you that she began to run short of money several months ago, and finally she feared that she would need to cash in the annuity that she bought last year when she set up her living trust. When she checked about the annuity, she learned that she would have to pay a fee of 20% if she cashed in the annuity before it matured. When you ask Mildred when the annuity is scheduled to mature, she becomes more agitated, and tells you that she has learned that she will have to be nearly 100 years old before it matures. She fears losing 20% of her investment (this investment in total amounts to half of her assets) but is afraid that she will lose the house if she cannot keep up the payments. She wonders aloud if she should have applied for the reverse mortgage that they offered her when she bought her annuity, but says, "I made such a mess of the annuity, I would probably mess up the reverse mortgage too!"

You ask to see Mildred's check book and her living trust/annuity. Her checkbook looks well organized, and Mildred's thinking seems clear, despite her distress over her finances. Mildred shows you leather bound living trust document that also holds paperwork for her annuity, which was sold to her by an insurance agent. Mildred tells you that she bought her living trust at a seminar, and then later bought the annuity for \$50,000 from an insurance agent. When you ask if an attorney reviewed her documents, she says, "I don't think so, but the gentleman who sold it to me said that he works with attorneys." She also tells you that the living trust was drawn up by a Certified Elder Planning Specialist

#### Questions:

**Encourage participants to answer the following questions and then discuss their answers as a group:**

1. What do you think has happened to Mildred?

2. Do you think that Mildred has been the victim of a “Trust Mill”? If so, why?
  
3. Despite her purchase of the annuity and setting up the living trust, she had been doing alright financially until events took place that set her back financially. What events were these?

## Handout

### Activity #3: Vignette -Mildred (Concluded)

You have found ample evidence that Mildred has been the victim of a trust mill scam. With Mildred's permission, you have contacted her doctor, who tells you that Mildred is competent, although the anxiety she is experiencing is not good for her health. Mildred's daughter has come from out-of-state to help her mother make difficult decisions. You have reported this incident to law enforcement, however, they do not believe that they can prosecute and have told you that they consider this a 'civil' matter.

You go to Mildred's home to meet with her and her daughter. On arrival, Mildred and her daughter tell you that she cannot pay the mortgage with her present income and with her bills for medical care. In addition, Mildred's doctor has told her that if Mildred continues to be as anxious as she is, she may have to be hospitalized again, therefore incurring yet more medical bills.

#### Discussion Questions:

1. What suggestions could you make to Mildred at this time?
2. In order to give Mildred and her daughter a realistic picture as to what may occur, what drawbacks to the community partners should you disclose to her?
3. Do you think that Mildred should cash in her annuity and pay the penalty?

## Handout

### List of Indicators

#### Identify the indicators of living trust scams

Although fraudulent or unethical trust transactions may occur in a variety of settings, these types of living trust scams often follow a similar pattern. The following signs may indicate that a senior has been the victim of a “trust mill”:

- The trust is packaged in a showy, often leather-bound binder
- Pages of the trust document appear to be boiler plate, as if client’s name was simply cut and pasted electronically throughout the document
- Invoice included in the trust documents indicates that it was sold, prepared, or delivered by a non-attorney (often a notary, paralegal or insurance agent)
- The cost of the living trust is less than \$1,000
- The living trust was sold at a seminar
- The elder never met with an attorney and/or the trust was delivered directly to the home
- Paperwork for recently sold insurance, annuity or mortgage products are found either in the living trust binder or near the trust
- The client either cannot recall who sold the living trust or states that many players were involved in the transaction