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The Most Dangerous Piece of Mail You'll Get All Year is For a Free Lunch



New AARP Survey Shows High Level of Concern About Impact of Financial Scams Among 55+ Population

Washington, DC – More than three-quarters of older Americans are concerned that financial scams will damage their retirement nest eggs or those of someone they know, AARP and the North American Securities Administrators Association (NASAA) said today.

In a survey released today by AARP, entitled *Protecting Older Investors: 2009 Free Lunch Seminar Report*, 78 percent of Americans age 55 and over surveyed indicated that they are very or somewhat concerned about financial scams affecting them or someone they know. A common setting for fraudsters to engage with their victims is by offering a free lunch or dinner, by which an older individual near retirement age is solicited to attend and learn more about investing in retirement.

For attendees of these free seminars, the potential cost can be quite high. Of those who attended a seminar, more than three out of four (78 percent) expected that the free financial seminar would center on opportunities to learn more about financial issues. However, once at the seminar, half of seminar attendees said the presenter asked them for personal information, such as their contact information or information about their finances and 46 percent reported that presenter attempted to make a follow-up appointment at their home. Nearly 40 percent reported that the presenter tried to sell them financial products either during or after the seminar.

“This survey illustrates the lesson that nothing is truly free when it comes to your financial security. Often times, those who attend free lunch seminars have no idea that they are potential targets of financial fraud,” said Jean Setzfand, Director of Financial Security at AARP. “Many people go to these seminars hoping to learn about ways to create a more secure retirement, but instead are pitched financial products that are fraudulent or unsuitable for them.”

Nearly 6 million Americans age 55 and older have attended a free lunch or dinner in the past three years, with mail as the most common method of solicitation (63 percent). Over a quarter of invitees (27 percent) have received ten or more invitations.

In response to such solicitations, AARP launched the Free Lunch Monitor program in collaboration with the North American Securities Administrators Association (NASAA) in October 2008. The purpose of the national program is to raise public awareness about the possible dangers of attending free lunch seminars, empower investors of all ages with the tools to decipher fraudulent educational presentations, and share a tool to report suspicious activity—the Free Lunch Monitor Checklist.

After a year of collecting checklists, volunteers reported that many seminars focused on different types of annuities with 39 percent encouraged to purchase one, and nearly half said that the speaker did not discuss the risks associated with the annuity. Attendees were consistently promised that products were “low risk” or that they would yield “high rates of return.”

“Low risk, high reward is a red flag warning for possible investment fraud,” said NASAA President and Texas

Securities Commissioner Denise Voigt Crawford. "Defrauding our senior population is unconscionable and protecting senior investors is a top priority of state securities regulators. I encourage all seniors to investigate before they invest in any offer served at a free lunch seminar. State securities regulators offer extensive employment, disciplinary and registration information about those who sell securities or offer investment advice."

Setzfang added, "AARP's creation of the Free Lunch Monitor program with NASAA reflects the commitment we have made to provide our members, their families, and older Americans the best information about how to protect their savings. AARP encourages more people to get involved with our programs to help root out fraud that threatens your long-term financial security."

To learn more about the Free Lunch Monitor program or to become a monitor, visit www.aarp.org/nofreelunch.

Survey Methodology

RDD telephone interviews were conducted from August 19, 2009 through September 3, 2009 by International Communications Research (ICR) of Media, Pennsylvania, as part of an EXCEL Omnibus survey. The sample was comprised of 1,012 financial decision makers ages 55 and over. The margin of error for total respondents is +/-3.08% at the 95% confidence level.

For more information about the survey and volunteer findings, please visit www.aarp.org/freelunchreport.

About AARP

AARP is a nonprofit, nonpartisan membership organization that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP does not endorse candidates for public office or make contributions to either political campaigns or candidates. We produce AARP The Magazine, the definitive voice for 50+ Americans and the world's largest-circulation magazine with over 35.5 million readers; AARP Bulletin, the go-to news source for AARP's nearly 40 million members and Americans 50+; AARP Segunda Juventud, the only bilingual U.S. publication dedicated exclusively to the 50+ Hispanic community; and our website, AARP.org. AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. For more information on AARP, visit www.aarp.org.

About NASAA

The North American Securities Administrators Association (NASAA) is the oldest international organization devoted to investor protection. NASAA is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico. To learn how to contact your state securities regulator, visit www.nasaa.org.

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