CRAIG WILLEKE'S FINANCIAL NEWS DIGEST

MONEYLINE

When Should You Start Social Security Retirement Benefits?

Courtesy of Craig Willeke, LUTCF, CLTC

You can choose to receive benefits as early as age 62, though doing so will amount to a permanent reduction in monthly income. As a result, more people wait until their Full Retirement Age (FRA) before claiming.

Delaying Social Security makes financial sense, with one caveat: You have to live long enough for the trade-off to work. If you can afford to wait, the decision on delaying is a bet on your life expectancy. If you delay retirement until after your full retirement age, you are entitled to 8 percent a year more for each full year that you delay, until age 70. Sounds like a sweet deal, but of course you are not receiving the monthly income for those years.

Here's how the numbers break down: if you live beyond 78, it makes sense to forego SS between the ages of 62 and 66; if you live beyond 82 1/2, it makes sense to delay SS until the maximum level, at age 70. You can take an educated guess based on your general health and your parents' health, which may help you get closer to a more data-driven number.

Willeke Financial Group, LLC

1221 N. Street
Suite 800
Lincoln, NE 68508

(402) 483-6656
www.willekefinancialgroup.com

Used-car buyers beware: Retailers often don't fix problems that have triggered safety recalls, says consumer advocate Rosemary Shahan. The National Highway Traffic Safety Administration doesn't have the authority to require retailers to make recall repairs or supply buyers with recall notices. Check SaferCar.gov for recalls, and ask the retailer whether it can make the repairs before you buy the car, which typically are done for free at auto-manufacturer-approved dealerships.
Source: abcnews.com

Tech-support scammers get your name and phone number from public databases, then call and say that they represent a well-known company, such as Microsoft. The scammer warns you about malware on your computer and asks you to perform some tests. Then he/she requests remote access to your computer, which allows him to install malware...tries to enroll you in a phony maintenance program... requests credit card information so he can bill you for phony services...or directs you to websites that will install malware or steal personal information. Never allow anyone who contacts you out of the blue to direct you to websites or to links or to control your computer remotely—and do not rely on caller ID to point out frauds, because scammers know how to get around it.
Source: computerworld.com

"We count our miseries carefully, and accept our blessings without much thought."
— Chinese Proverb

Financial Elder Abuse Is A Thriving Industry

By Anya Kamenetz, Tribune Content Agency

In July, a woman in Bakersfield, California was charged with elder abuse after her 73-year-old mother was found living in a decrepit one-bedroom apartment with no working plumbing and a rodent infestation. While the exploitation of senior citizens is rarely this egregious, it's surprisingly common.

The annual cost runs in the tens of billions of dollars. And an important subset of that abuse is financial, targeting people's retirement security and life savings. [In 2013] Consumer Reports recapped a recent survey of 2,600 financial planners, and the findings were astonishing: "56 percent said they knew older clients who had been subject to unfair, deceptive, or abusive practices. Among reported cases, the average loss estimate was $140,500."

In June, the Senate appropriated $10 million for a new "elder justice initiative" to better prevent, investigate and prosecute abuse, including financial abuse. Better legal definition and stricter enforcement could help, but until that happens the best defense is to inform yourself and your loved ones of potential threats, and what to do about them. Here are two of the most common sources of financial vulnerability that senior citizens face.

Over the phone, by mail and email

Older people are often targets of "phishing" or "social engineering" scams. They may be contacted by someone posing as their bank asking them to confirm account information, or someone saying they have won a lottery or sweepstakes and need to provide personal information to claim a prize, or soliciting for a fake charity, or to settle a debt or a hospital bill. Or the scam may be a sob story from someone asking for help or even from someone in an online chat room posing as a romantic interest.

The rule to prevent these approaches is simple: Never give out any personal information, including your name, address, Social Security number and account numbers, to anyone who calls you or emails you. If you go to your bank website, type in the address yourself. If someone calls or emails claiming to be from your own bank, hang up, look up the real number, and call them back. If you have a family member who may be vulnerable to this kind of scam, ask for them to agree to tell you before giving out their information to anyone. Sign up for the AARP's "Fraud Watch Network" to get regular email alerts about the latest scam.

Family abuse

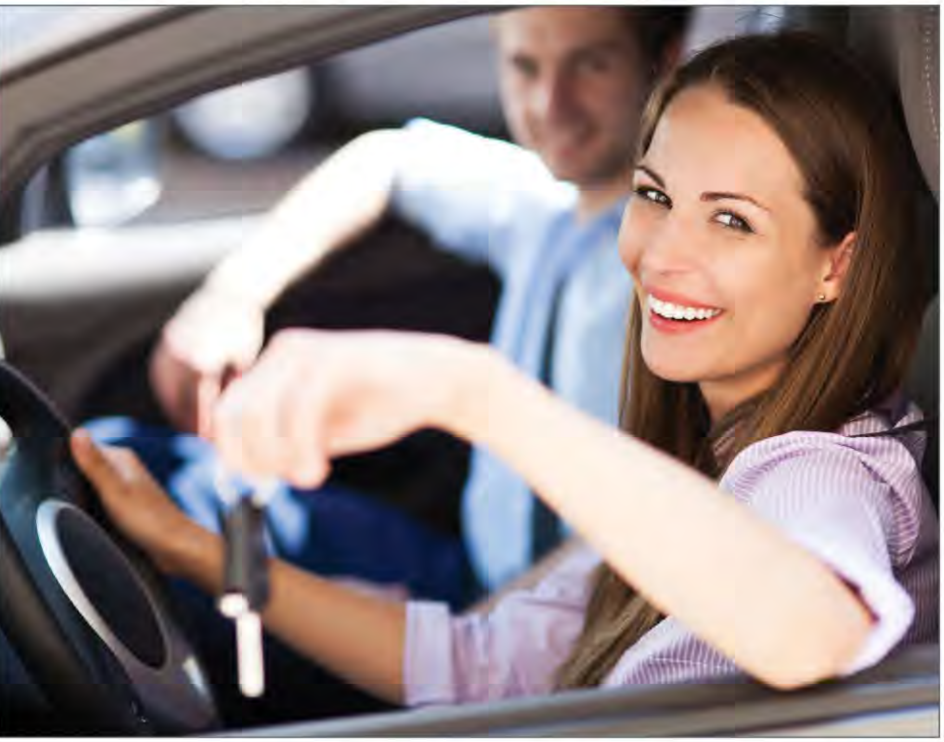
The most heartbreaking form of exploitation happens between seniors and family members or friends. According to a 2011 analysis of reported cases, about 34 percent of the perpetrators of elder financial abuse were known to their victims, a number that went up around the holidays.

Older people who are living alone, socially isolated, and/or depressed are more likely to be victims of abuse. If a friend or relative is pressuring you for money, seek support elsewhere. If you have an elderly relative, watch out for signs like a sudden decline in your family member's standard of living or someone else getting access to their bank statements.

Spending: Cash Out Your Lease

By Jessica Anderson, Kiplinger's Personal Finance

When you lease a car, you agree to pay x amount for, say, 36 months, and at the end of the lease term you can either buy the vehicle or turn it in. Or there's a third option: You could sell your leased car yourself before the end of the lease.



If your vehicle is worth more than the purchase price written into the lease, you could walk away from your lease with a check in your hand. Used-car values have shot up in the past few years. Plus, the residual value — what the car is assumed to be worth at the end of the lease term — is rarely spot-on.

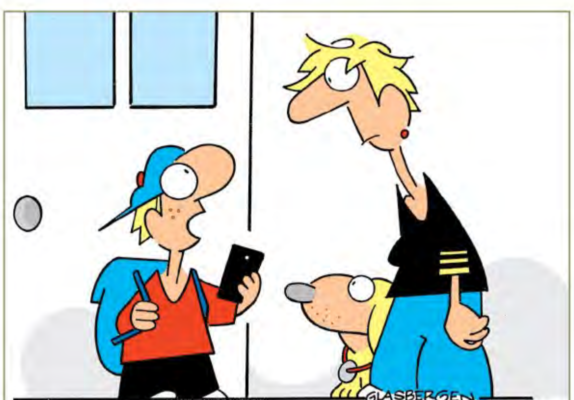
To pull the profit out of the car yourself, you'll need to know what your vehicle is worth. Look at a site that lists used-car values, such as Kelley Blue Book (kbb.com), NADA Guides (nadaguides.com) or Edmunds.com, for the dealer retail price. Then call your leasing company and find out what your current payoff amount is, including the remaining payments, the cost to buy the car and the termination fee (a few hundred dollars).

If your payoff is less than what the car is worth, it makes sense to sell it. A dealer or CarMax can appraise the car, contact the leasing company for the payoff quote and write you a check for the difference. If you'd rather try your hand at boosting your profit by selling the car to an individual, LeaseCompare.com will handle the paperwork for $495 so the title transfers directly to the new owner and sales tax is paid only once.

If you wait until the end of the lease and turn the car in, be prepared to pay some fees. You'll pay a disposition fee of $200 to $500 to cover the cost for the leasing company to clean up the car, prepare it for sale, and handle the paperwork. If you've gone over the mileage allotment, you'll pay about 20 cents per extra mile.

If the car has a few scratches, you probably won't be charged for excess wear and tear. But get anything more serious fixed before you turn the car in. It will likely be cheaper to pay for the fixes yourself than to be billed for the damage later.

Don't dismiss the option of buying the car at the end of the lease and keeping it, even if comparable vehicles are selling for less than the lease's purchase price. You'll pay a purchase option fee of $200 to $500, but the peace of mind of knowing the car's history may be worth the extra cost.



"Why am I going to school if my phone already knows everything?"

Help employee salaries go further even if you can't afford raises. *Run an efficient company*—let people leave on time to save on child-care costs and reduce stress. *Offer on-site budgeting classes*—free ones may be available through credit unions or nonprofit groups. *Consider offering memberships in warehouse clubs* or local food co-ops as a benefit--the cost to company is low, and reductions to employees' food costs can be significant. *Let employees have a few paid days off a year to boost their income* with freelance projects that don't compete with your company's business.
Source: fortune.com

Lower your auto loan rate. According to a 2013 study by bankrate.com, some dealerships mark up interest rates by an average of 2.47%, a hidden charge that costs the average consumer $714. Shop around before finalizing negotiations with the dealer—banks and credit unions may have lower rates. If you decide to use the dealer for the loan, ask for a lower rate—you may get it. If that doesn't work, offer to increase your down payment...shorten the term of the loan...and/or set up automatic payments. Also, ask the dealer about available financing incentives. And be prepared to go to another dealer if you do not get an acceptable loan rate.
Source: Bottom Line Personal magazine

"We make a living by what we get, we make a life by what we give."
— Sir Winston Churchill

CRAIG WILLEKE'S FINANCIAL NEWS
DIGEST

1221 N Street, Suite 800
Lincoln, NE 68508

Investing: The Perils Of Penny Stocks

By Kathy Kristof, Kiplinger's Personal Finance

Paul Allen understands all too well the pitfalls of purchasing penny stocks. Last spring, Allen, a 65-year-old retiree from Boston, invested in Vapor Hub International (symbol VHUB) after receiving a flood of e-mails suggesting that shares of the e-cigarette company were about to take off. He quickly lost 80 percent of his investment. The stock, which hit 87 cents in early April, closed at 11 cents on July 31.

Allen won't be the last investor to suffer such a fate. Encouraged by a bull market and the exorbitant prices companies are paying to buy start-ups, more and more people are hoping to make a killing with penny stocks. According to OTC Markets Group, where many tiny companies trade, some $26 billion in penny stock shares changed hands in 2013, up 46 percent from the previous year's volume.

The SEC, which defines penny stocks as those that trade for less than $5 per share, says this market is unusually vulnerable to fraud for a variety of reasons: Few seasoned analysts follow penny stocks, financial information is scarce, and many supposedly unbiased reports are actually written by paid promoters. The SEC doesn't list enforcement actions based on market capitalization, but the agency has shut down hundreds of suspicious stocks in the past year.

Any warnings often come too late for individual investors such as Allen. The best way to avoid penny stock scams is to do independent research, says Ken Springer, a former FBI agent who conducts investigations for institutional investors.

Says Allen: "I've been torturing myself over this. It's not that I didn't know the right questions to ask. It's that I invested before I asked the questions."