

FALL 2007
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CONSUMER CONNECTION

Statewide Scam Roundup: **Senior Scams** **Scammers**

**Charity: Why it
Should Begin
at Home**

**Rebuilding After a Wildfire?
Beware of Scams**

**Reverse Mortgage:
Is One Right for You?**



contents

Your wish is our command! Although the **CONSUMER CONNECTION** is an online magazine, printed copies are available upon request. To order copies of this issue and previous issues, call the Department of Consumer Affairs' Policy & Publications Development Office at (866) 320-8652, or write to us at: 1625 North Market Blvd., Suite N-112, Sacramento, CA 95834.

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Greetings from the Director

Aging is one of life's greatest challenges. Despite medical advances that have increased life spans and pop culture proclamations such as "Sixty is the new 40," the United States remains the world's most youth-oriented culture. This means that as we get older, we must struggle to maintain a sense of social worth as well as sometimes cope with declining physical and economic resources. And, while geriatric medicine has improved, it is also more expensive.

Historically, we relied on children and an extended family to relieve the burdens of aging. However, today's declining birth rates, mobile occupations, and lack of nuclear families have redefined family and unraveled that former safety net. To help fill this void, the government created the Social Security Administration in 1935. Consisting of retirement, disability, and survivor's benefits, the Social Security entitlement is now considered an income supplement rather than sole support.

What was traditionally a family responsibility is now a social one. As baby boomers reach retirement status over the next 20 years, age is going to become the most important issue facing California consumers and employers. According to the California Department of Aging, one in five Californians will be 60 years of age or older beginning in 2010. By 2020, the number of seniors will have increased by another 38 percent.

To begin to address this issue, the Department of Consumer Affairs (DCA) sponsored the first Senior Summit in May 2006. The event, which drew presenters and attendees from across the nation, focused on the impact of various consumer issues on seniors. These issues included conservatorships, elder fraud and financial abuse, health insurance, long-term care, identity theft, confidence scams, consumer education, and the challenges facing non-English speaking seniors. The results of this event led to DCA establishing a senior focus as a permanent part of all its consumer outreach and education programs. This year, DCA established the Senior California Consumer Resource Center on the DCA Web site, which provides an array of helpful consumer information on health, finances, and other matters. There is also a link to DCA's Senior Scam Buster Kit (now available in Spanish) and a link to DCA's senior consumer experts, who can be reached by phone at (800) 952-5210 or by e-mail at seniors@dca.gov.

This issue of CONSUMER CONNECTION will examine an array of topics of special interest to seniors: the perils of conservatorship and how DCA's new Professional Fiduciaries Bureau will protect consumers, the pros and cons of reverse mortgages, prescription drug discount programs that can save you money, the range of choices available in assisted living care, programs for older veterans, resources to help you avoid foreclosure, and much more. So whether you are a current or future senior citizen, DCA dedicates this issue of CONSUMER CONNECTION to you with sincere thanks for all you have done and continue to do for this great State.


CARRIE LOPEZ, DIRECTOR
Department of Consumer Affairs

UNLICENSED ACTIVITY



Do ASK!
Do TELL!

Shade-tree auto mechanics or fly-by-night television satellite dish installers aren't the only ones who may be working without the proper licenses.

According to California Department of Consumer Affairs' (DCA) Director Carrie Lopez, "We continue to learn of individuals who are performing such work as contracting, cosmetology, and even dentistry without any license or with inappropriate licenses. This activity is not only a risk to consumers' pocketbooks, but sometimes even to their safety."

As a result, DCA began stepping up its efforts to reduce unlicensed activity this summer, often partnering with other agencies and setting up sting operations. Still, Lopez said, "Even with unlimited resources, no government agency can completely halt unlicensed activity on its own. But consumers who check the licenses of the professionals they hire, and who only hire licensed professionals, are 100 percent successful."

Make asking for a license a routine part of any interaction you have with a professional. In most cases, you can look up the person's license and any history of violations on the DCA's Web site at www.dca.ca.gov, and check with the appropriate board, bureau, or other entity. You can call (800) 952-5210 or go online to report unlicensed individuals and to file complaints.

"With the help of consumers, we hope to put the most egregious offenders out of business, but at the same time, we'd like to promote the path to licensure for the many individuals and businesses who simply aren't aware of the licensing requirements for their professions," said Lopez.



CONSUMER SCAM ALERT

Danger Lingers Long After the Wildfires are Out



The process of recovering from a disaster such as Southern California's recent wildfires begins in earnest once the immediate danger has passed. That's when a different kind of danger emerges: Scams.

Consumers are the first line of defense against scams. Well-informed, empowered consumers are less likely to become victims of fraud, even when facing a disaster as great as losing a home.

To assist victims of California's October wildfires, the Department of Consumer Affairs (DCA) presents the following tips and advice. This information, and more, can be found on the Web site created by California's State and Consumer Services Agency specifically to aid with the recovery effort www.rebuildyourlife.ca.gov. Check it out. Assistance is also available in more than 170 languages by calling DCA's Consumer Information Center at (800) 952-5210.

Top Tips for Californians

Remember, the Law is on Your Side

There are many State and Federal laws designed to protect your rights and well-being as a consumer.

Don't Fall for a Phony

Always verify that people are who they say they are -- whether it's a public insurance adjuster, government official, water tester, licensed contractor, or a legitimate charity. Call the Consumer Assistance Hotline at (800) 952-5210 to verify the person's professional license.

The 10 Percent Rule

In a declared emergency, you cannot be charged more than 10 percent above the normal price for services, hotels, supplies, etc. Also, only a 10 percent deposit is legally required for a construction/rebuild job.

Get Everything in Writing

Legitimate professionals and businesses will give you a contract to sign. Make this your rule: No contract, no business.

Trust Your Instincts

If you feel pressured to agree to a verbal promise and it sounds too good to be true, it probably is.

Report Fraud

If you think you have been a victim of fraud, contact your local law enforcement or district attorney. Fraud, or suspected fraud, can also be reported to the Consumer Assistance Hotline, (800) 952-5210.

Protect Your Identity

You will have to provide a great deal of personal information during the recovery process, especially when you apply for government benefits and services. Visit www.privacy.ca.gov for resources to protect your privacy.

Save Your Paperwork

Keep all of your disaster-related documents (receipts, claims, and photos) together, and if possible, make copies and store them in a safe place through the end of the rebuilding process.

Take Care of Your Emotional Needs

Take time to learn how to cope with stress after the disaster. We all have different needs, and it is important that you take care of your physical and emotional well-being.

Don't Hesitate to Ask Questions

Know that it's OK to ask for help. Recovery and rebuilding efforts can be overwhelming, but know that there are many honest people who want to and will help make the process a little easier.

Reverse Mortgages: Risk or Resource?

The public is hearing a lot these days about reverse mortgages, but it's not always clear how they work. Some seniors may use a reverse mortgage to make repairs or pay property taxes while living on a fixed income. Others may choose a reverse mortgage as a hedge against possible medical costs or in-home care. Whatever the reason, a reverse mortgage may be a solution for seniors who may not otherwise be able to afford to stay in their homes. But how can you find out if one may be right for you? Here's a quick guide to the basics as well as where to go for more information.

What is a reverse mortgage?

A reverse mortgage enables you to borrow back the equity you've built up in your home over the years, taking the money in monthly payments, a lump sum, or as a line of credit. With a reverse mortgage, you make no payments as long as you live in your home. When the last living borrower dies, your estate pays back the money you received from the reverse mortgage, plus interest and other fees, to the lender.

Do I qualify?

You must be at least 62 years of age, own your home, and not be delinquent on any Federal

Reverse mortgage loans are not taxable and generally do not affect Social Security or Medicare benefits.

loans, such as a Federal Housing Authority or Veterans Administration loan. Your home must be a single-family dwelling or a two- to four-unit property that you own and occupy. Mobile homes do not qualify.

Will I ever be forced out of my home?

Even when you've been paid every last dollar that your reverse mortgage allows, you can live in your home. (As with any other home loan, you are still responsible for all applicable fees, taxes and insurance payments.) When you or the last borrower dies, your estate pays back the money you received from your reverse mortgage. And there are other restrictions. With some types of reverse mortgages, the owner-borrower will have 12 months before the mortgage would become due if he or she must go into a nursing home or other medical facility.

Will receiving funds from a reverse mortgage disqualify me for low-income or other forms of government assistance?

Reverse mortgage loans are not taxable and generally do not affect Social Security or Medicare benefits. The Internal Revenue Service does not consider loan advances as income. However, for those who receive Supplemental Security Income, Medi-Cal, or other public benefits, loan advances are counted as "liquid assets" if they are kept in an account past the end of the calendar month in which they are received. If a senior's total liquid assets (money in checking and savings) are greater than those programs allow, then seniors could lose eligibility for those programs. To be sure, potential borrowers should check directly with the relevant programs.

What are the drawbacks?

There are some things you need to keep in mind. Like any mortgage, there are up-front costs and fees. Be sure

you understand exactly what those costs are and how they affect you.

How can I guard against fraud?

Scam artists will try to take advantage of any opportunity, and reverse mortgages are no exception. Beware of "financial planners" who try to convince you to take out reverse mortgages in order to buy financial products, such as annuities. Deal only with institutions you know and trust.

How do I find out more about reverse mortgages?

There are several very good resources on reverse mortgages. AARP has an excellent Web site, which offers a reverse mortgage calculator and other tools to help you decide whether a reverse mortgage is right for you. Visit www.aarp.org/money/revmort.

The Federal Trade Commission also offers a tip sheet that explains reverse mortgages and has links to additional resources. Visit www.ftc.gov/bcp/online/pubs/homes/rms.shtm.

Taking out a reverse mortgage is a huge decision. Make certain you understand all of the terms before you sign any documents. If you suspect someone of fraud, let the lender know and file a complaint with the State Department of Financial Institutions (DFI). You may contact DFI by phone at (415) 263-8513 or visit www.dfi.ca.gov/consumer.



NEW DCA BUREAU

protects
vulnerable seniors
and their
money



A professional fiduciary can provide critical services to seniors unable to handle their own needs. The fiduciary can arrange for the senior's daily care, housing, and medical needs, and handle financial matters ranging from basic bill paying to investments.

You would expect a person who is serving as a professional fiduciary to be trained, experienced, knowledgeable, and honest. After July 1, 2008, you should also expect that person to be licensed. On and after that date, private, professional fiduciaries must hold a valid license from the Professional Fiduciaries Bureau, the newly established bureau within the Department of Consumer Affairs.

"The Bureau will play a significant role in regulating the profession," said Mellonie Yang, DCA's Special Consultant for the Professional Fiduciaries Bureau. Yang is an attorney who has been involved in senior protection issues for nearly 10 years. "The Bureau's licensing, enforcement, and regulation are of critical importance to consumers," she said. "People's lives, homes, and living arrangements are in the hands of these professionals," she added. "The number one goal of the Bureau will be consumer protection." Yang estimates that 600 to 1,000 fiduciaries, serving thousands of clients, mostly seniors with dementia, will need to be licensed statewide. She has been working since March of this year to build the Bureau from the ground up.

Private conservators and guardians must be appointed by the courts before they can make health care and financial decisions on someone's behalf. The process for court appointment begins by submitting a petition to a county probate court. An unscrupulous person, trying to gain control of a senior's money or property, may falsely tell a judge that an elder has dementia or other mental impairment and is unable to appear in court for the hearing. Most often it is the frail, vulnerable senior who is victimized this way. Once a conservator is named, the senior may no longer be in control of his or her money, health care, home, living arrangements, or other details of daily life. Probate courts are supposed to oversee the conservators they appoint, but many courts face backlogs of cases and a shortage of trained staff, meaning that the oversight may be inadequate or nonexistent.

The need for licensing and more aggressive oversight of private conservators gained prominence in late 2005 after a series of *Los Angeles Times* articles detailed alleged exploitation by unscrupulous fiduciaries who scammed frail seniors out of their life savings, and even sold their homes out from under them. The Times stories estimated that about 500 fiduciaries look after 4,600 clients and an estimated \$1.5 billion in assets statewide. With billions of dollars in assets at stake and the State's rapidly growing population of seniors, there is clearly potential for abuse.

The Legislature recognized the problem, and last year passed a package of four bills, which represented a sweeping reform of private fiduciaries. In signing the package,

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protecting seniors

continued from page 9



The bill package, called the Omnibus Conservatorship and Guardianship Reform Act of 2006, is the first major overhaul of the private conservator system in decades and a significant boost in consumer protection.

Governor Arnold Schwarzenegger said, "We have a responsibility to help ensure that individuals entrusted with the well-being of our most vulnerable citizens are not taking advantage of or harming them." Senate Bill 1550 (Figueroa, Chapter 491, Statutes of 2006), which created the Professional Fiduciaries Bureau, was one of the measures. The bill package, called the Omnibus Conservatorship and Guardianship Reform Act of 2006, is the first major overhaul of the private conservator system in decades and a significant boost in consumer protection.

The new licensing program affects only a person who works as a private, professional fiduciary, which the Professional Fiduciaries Act defines as "someone who performs conservator or guardian duties for two or more people he or she is not related to, as well as someone who acts as a trustee or specified agent for three or more people or families he or she is not related to." Thus, someone who only handles a family member's financial or medical affairs does not need a professional fiduciary license. A certified public accountant or attorney, licensed in California, is not required to have a professional fiduciary license. Public guardians, who work for the counties, are also exempt.

The Professional Fiduciary Association of California (PFAC), an industry trade group, welcomes and supports the additional oversight and regulation. In fact, PFAC sponsored SB 1550, which

created the Bureau. The organization emphasizes continuing education, mentoring, and a strict code of ethics. It has 270 members statewide. In 2004, its members managed approximately \$4.6 billion in cash and assets for its clients, according to the PFAC Web site, www.pfac-pro.org. PFAC maintains referral listings on its Web site for consumers looking for a private fiduciary. The right conservator/fiduciary can bring stability to the lives of seniors with dementia, arranging appropriate health care and living arrangements, and managing the senior's finances.

The new laws also require greater supervision of the work of fiduciaries by the courts that appoint them. Courts will have access to the Bureau's confidential records, and will be able to check license status, complaint history, and other information. The court oversight at the local level is the reason Yang said she views the courts "as a partner in the licensing and enforcement work" of the Bureau. The Bureau will be able to take disciplinary action against fiduciaries who violate the law. The action could include fines, sanctions, suspension, even revocation of a license.

These reforms may have been long-needed, but they are also just in time. According to the Professional Fiduciaries Act, California's population is growing at an increasing rate, and the growth in the number of people over 65 is surpassing that in other states. The U.S. Census Bureau projects that the number of people age 65 and older in California will grow from 3.6 million in 2000 to 6.2 million in 2020, an increase of 72 percent. More than 500,000 Californians over age 65 are affected by Alzheimer's disease, according to the California Department of Public Health. This number is expected to triple by the year 2050.

FREQUENTLY *asked* questions



What does a professional fiduciary do?

A professional fiduciary handles financial affairs and makes health and personal care arrangements for individuals who are unable to care for themselves.

Who needs a professional fiduciary license?

The Professional Fiduciaries Act defines a professional fiduciary as “someone who performs conservator or guardian duties for two or more people he or she is not related to, as well as someone who acts as a trustee or specified agent for three or more people or families he or she is not related to.”

Do I need a license to handle my grandmother’s affairs?

No. Someone who handles only a family member’s financial affairs does not need a professional fiduciary license.

Who else is exempt from licensing?

Certified public accountants, attorneys, and a few others.

How many license types will there be?

Only one. It will cover conservators (who oversee people and estates), guardians (for a minor or mentally incompetent person), trustees (who oversee a trust), and agents under durable power of attorney for health care and durable power of attorney for finances.

What are the qualifications for a professional fiduciaries license?

To become licensed, a professional fiduciary must:

- Pass a criminal background check.
- Pass a licensing exam.

- Possess specific education and/or experience.
- Complete 30 hours of prelicensing education, as approved by the Bureau.

When will the professional fiduciary exam be offered?

The Bureau expects the exam to be offered online in early 2008.

When will the license application forms be available?

Forms are expected to be available online at www.fiduciary.ca.gov beginning in December.

Will there be a code of ethics for professional fiduciaries?

Yes, as mandated by the new law, the Bureau must adopt a code of ethics. All licensed professional fiduciaries will be required to adhere to the code of ethics.

How do I verify the license of a professional fiduciary?

Once licensed, a professional fiduciary will be listed on the Bureau’s Web site, www.fiduciary.ca.gov.

What if I have a complaint about a licensed fiduciary?

Once professional fiduciaries are licensed, complaint information about them may be brought to the Bureau’s attention. Details on how to file a complaint will be available online at www.fiduciary.ca.gov.

Assisted Living Choices

FINDING CARE FOR THOSE YOU CARE ABOUT

Suddenly a parent or elderly relative can no longer remain at home alone. When in-home care is not enough, what do you do?

First, know you're not alone. With more than 1.3 million Californians over age 75 (according to the U.S. Census), many of us are facing or will soon face the same question. The second thing you need to know is that help is available.

For an elderly person unable to live at home independently, there are basically two choices: a nursing home or a residential care facility, which includes assisted living and board-and-care homes.

If your loved one needs 24-hour nursing care and substantial long-term assistance, a nursing home may be appropriate. These settings provide meals, some medical care, and assistance with personal care. Rooms and bathrooms may be shared. Here are some resources for finding a nursing home:

The California Department of Health Care Services licenses and regulates nursing homes and their administrators. For tips on selecting a facility, call (800) 554-0354 or go online to www.dhs.ca.gov/lnc/default.htm. A fact sheet on nursing home

residents' rights is also available on the Web site.

The California Health Care Foundation has information on more than 1,200 nursing homes, 900 home health agencies, and 185 hospice programs in the State. Go online to www.calNHS.org.

The Medicare Web site, www.medicare.gov, has details on the performance of every Medicare-certified nursing home in the nation, plus tools to help you choose a facility. Go online to www.medicare.gov, or call (800) MEDICARE or (800) 633-4227. You can also go online to www.calmedicare.org.

California Advocates for Nursing Home Reform has information on more than 1,400 nursing homes in California. Go online to www.canhr.org or call (800) 474-1116.

One alternative for elders who do not need constant medical care but cannot live independently is an assisted living facility. The services at these facilities usually include meals, housekeeping, and help with medications, bathing, and dressing.

A board-and-care home provides similar services, but generally has fewer residents and a more home-like setting.

Assisted living facilities and board-and-care homes are licensed by the California Department of Social Services' Community Care Licensing

Division. To check a license or for information on how to select a facility, go to www.ccl.d.ca.gov or call (800) 510-2020. An online search tool is available at <http://ccl.dss.cahwnet.gov>.

Some sources of services to the elderly:

Area Agencies on Aging (AAA) throughout the State coordinate a wide array of services to seniors. To find an AAA in your community, call (800) 510-2020 or go online to www.aging.ca.gov.

California Department of Aging has information on supportive services, adult day care, in-home services, group or in-home meals, and senior centers. Call (800) 510-2020 or go online to www.aging.ca.gov.

Counties throughout the State have a **Long-Term Care Ombudsman's Office** to provide information on nursing homes and community care facilities. The Ombudsman's Office is also a contact if you have concerns about a facility. Services are free. Check your phone directory under county offices for details, call (800) 231-4024, or go online to www.aging.ca.gov to find an office in your area.

Eldercare Locator is an online nationwide directory sponsored by the Federal Administration on Aging. Find it at www.eldercare.gov, or call (800) 677-1116.



The average annual costs in California in 2007:

- **Nursing home**
\$76,541, private room
\$64,393, semi-private room
- **Assisted living facility**
\$33,180, private one-bedroom apartment
- **Home health aide (based on 50 hours a week of care)**
\$50,622, licensed
\$125,164, Medicare certified and licensed

Note: Prices vary widely and are generally higher in California's major metropolitan areas.

Source: Genworth Financial 2007 Cost of Care Survey

The **AARP** has extensive information on housing and care choices for seniors. Go online to www.aarp.org for details.

Low-income seniors may be eligible for a variety of services through county social services offices. Find your county's number in your local phone directory under County Government, or go online to www.cwda.org/resources.htm.

These sources should be helpful to you as you search for living arrangements for an elderly family member. Once you've narrowed down your choices, experts recommend visiting more than one facility to see for yourself. Check licensing and complaint history, and be sure to ask lots of questions, such as the facility's rate of staff turnover.

One thing all your research will not tell you is how long the person will need the care you help arrange. The California Partnership for Long-Term Care says 35 percent of elders who enter a nursing facility will stay between one and five years. For some of those loved ones, the stay will last for the rest of their lives.

Who pays for long-term care?

Health, disability, or Medicare supplemental insurance policies cover little, if any, long-term care. Low-income seniors may qualify for Medi-Cal, but coverage may be limited to nursing homes, according to the California Partnership for Long-Term Care. Military veterans may have their own benefits. (see *Aging Warriors* article in this section.) Many seniors bear the costs of long-term care themselves.

The California Department of Aging's Health Insurance Counseling and Advocacy Program (HICAP) has trained, impartial counselors available throughout the State to meet with you to discuss the costs and options for long-term care. Call (800) 434-0222 to arrange a free, confidential appointment.

What about long-term care insurance?

If you want to plan ahead for long-term care needs, a long-term care insurance policy may be appropriate. HICAP counselors have information on the California Partnership for Long-Term Care, a program of the State Department of Health Care Services and private insurance companies. Through the Partnership, California residents can purchase an insurance policy to cover various types of long-term care, including in-home services and assisted living.

Policies offered under the Partnership can protect you from having to "spend down" assets to qualify for Medi-Cal. The policies can also help you avoid Medi-Cal "asset recovery," in which Medi-Cal collects money from your estate after your death.

Call (800) 434-0222 to make an appointment with a HICAP counselor and to request a free copy of the booklet *Taking Care of Tomorrow: A Consumer's Guide to Long-Term Care*, from the California Department of Aging. More information is also available online at www.dhs.ca.gov/cpltc or by calling (800) CARE-445.

The image features four hands, two from the top and two from the bottom, positioned to form a heart shape. The hands are light-skinned and have short, clean nails. The background is a vibrant blue sky with scattered white clouds, transitioning into a blue ocean at the bottom. The text is centered over the heart shape.

Don't Let Opportunists

Sour *Sweet
Charity*

According to *The Associated Press*, the people who give the most to charities are those between ages 50 and 64.

Charity is the selfless effort to alleviate the suffering of others. It's good for society and good for the soul. Unfortunately, it's also a good hunting ground for criminals.

Seniors beware!

According to *The Associated Press*, the people who give the most to charities are those between ages 50 and 64. Perhaps this is because seniors have lived long enough to experience suffering and misfortune and find it easier to sympathize with the plight of others.

For charities, this sympathy translates into donations. For example in 2006, an estimated \$300 billion was donated to charitable causes in the United States, according to *the AP*. Corporations and their foundations played an important role, but only to the tune of \$12.72 billion. The rest of the donations came from individuals, again, proportionally, the most coming from seniors.

How can this most generous sector of American society protect itself from shams and shady charities? Research. Learn about charities you are considering, and invest wisely.

Information Sources on Charities:

IRS 990: Though registered by the State, nonprofit organizations must also file an annual Form 990 with the U.S. Internal Revenue Service. By law, the charity is required to make Form 990s from the last three years available to the public upon request, either by mail or at its principal office. Form 990s for all charities registered in California are posted on the Attorney General's Web site,

www.ag.ca.gov, which also offers a searchable database of California charities.

The Form 990 should tell you, among other things, the organization's income, expenses for fundraising (including telemarketing), administration, and project expenditures. From this, you should be able to approximate how much of each dollar you contribute will actually go to the causes you wish to support. Be aware that this estimate might be misleading. Some charities may disguise substantial perks for staff and board members, such as personal travel, meals, housing, and private transportation as project expenses.

The Form 990 should also disclose the names and salaries of board members and chief administrative officers. This can be an eye-opener for many donors. In 2006 the average household medium income in America was \$46,000. The administrators of many charities often made ten times that.

According to the *Wall Street Journal*, former Red Cross president Bernadine Healy reported a salary of \$459,010 per year. In 2005, the head of the American Cancer Society was paid \$534,619, and a regional director of The Nature Conservancy \$463,486. Some CEOs of charities have justified their salaries by stating they are paid less than for-profit administrators with comparable duties and responsibilities. On the other hand, John Busby, the Salvation Army's top executive, receives \$13,000 per year, plus basic room, board, and transportation.

Without a doubt, the world is filled with deserving and worthwhile causes. This is all the more reason for consumers to research charities before they donate their hard-earned, much-needed dollars.

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“sweet” charities

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DON'T

Respond to Phone Appeals for Charity.

First: These usually come from professional fundraisers who, on average, pass along only 40 percent of your donation to charity. It is not unusual for professional fundraisers to keep 90 percent of all donations collected. Typically, telemarketers work for charities associated with police, firefighters, and veterans. There are better ways to help those groups.

Second: If you donate as the result of a phone solicitation, chances are the fundraiser will sell your phone number to others. This can mean you will receive solicitation calls during your dinner time for the foreseeable future. And, although you can opt out from for-profit phone solicitation, the law offers you no protection from telemarketers raising funds for charities.

If you do receive a phone solicitation, you can discourage this practice by saying you never donate as the result of a phone solicitation, and you would appreciate it if they took your name off their list. Do not respond to any further questions. End the call.

Never give a phone solicitor your credit card number. Identity thieves commonly disguise themselves as solicitors for charitable causes. Also, never agree to high-pressure tactics, such as a fundraiser who wants to send a “courier” to your door to collect a donation.

Never give your address to a phone solicitor. This just gives them another commodity to sell.

Respond to Door-to-Door Solicitations.

Besides risking a home invasion robbery, responding to door-to-door sales exposes you to a wide range of cons. For example, crooks commonly employ homeless teens to sell magazine subscriptions. Part of their sales pitch involves pretending to be part of a contest to raise funds for a local school. You may hear: “Good afternoon, Ma’am. My name is Willie, and I am hoping you will vote for me.”

“Willie” might even have an identification card. Computer graphics make this easy for crooks. Needless to say, any magazines ordered from this con probably will never arrive.

Let Emotions Cloud Your Judgment.

Charities, both good and bad, rely on catastrophic events to raise a lot of money quickly. However, unless they guarantee you otherwise, they have no obligation to spend your donation helping the victims of a specific disaster. Make certain you know how much of your money is going to help those in need and where and how it will help them.

Do

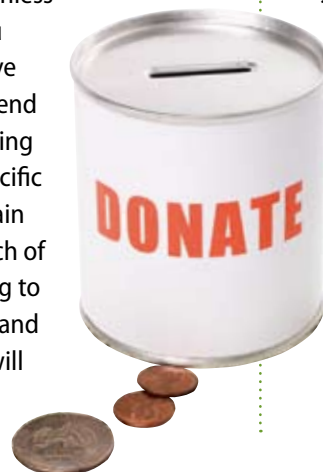
Donate Locally.

Donating locally makes your dollars count by cutting out the middleman. More and more donors are turning to local charities to make their contributions. Seniors often combine local donations with volunteer work. This gives them the satisfaction of knowing all their money goes to their charity and seeing some of the positive change it is helping to make.

What if your concern is a disaster that is far from your home? In most cases, local charities team up with the National Guard, the Federal Emergency Management Agency, and other governmental organizations to funnel locally donated resources to communities in need.

You local police and fire departments sponsor charities that, again, receive 100 percent of what you donate. If your interest is in the military, your local military base or post can advise you about military family support programs.

If you’ve lost a loved one to a disease and wish to contribute toward finding a cure, ask your doctor about research clinics, hospitals, and universities. Contributing **directly** to these institutions will increase your effective donation by 33 percent to 90 percent over donating to a professional fundraising organization.



Surprising Truths and Myths about Charities

The United States is the world's least charitable nation.

False. The United States ranks 18th in terms of economic aid on a per-capita basis to other countries. However, according to the *Wall Street Journal*, in terms of individual giving to disasters and international good causes, Americans have given more than the people of any other developed country. Similarly, a 2006 study done by the Charities Aid Foundation found that Americans gave about twice as much as the next most charitable country.

When you donate a car or a boat to a charity, your tax deduction is the market value of the car or boat.

True. In the past, some individuals got away with inflating the value of donated vehicles or boats. This summer, the Internal Revenue Service announced stricter enforcement in this area. You are now expected to be able to document the value of all donated items. For cash donations, you should be able to provide a receipt and/or cancelled check.

The most affluent residents of the most affluent states give the most to charity.

False. Nearly the opposite is true. A study by the NewTithing Group in 2006 indicated that overall, generous states ranked lowest in wealth while wealthy states ranked lowest in generosity. That means that although California is home to some of the wealthiest people in the country, it ranks 21st among states for actual gifts per wealthy filer.

If a charity sends you a gift, you can keep the gift, and you do not have to make a contribution.

True. Any unsolicited gift sent to you is yours to keep, whether you donate or not.

If an organization is tax-exempt, your donation to it is tax-deductible.

False. Tax-exempt status means the organization is not required to pay Federal or State income taxes. Donations to tax-exempt organizations are not always tax-deductible. To find out if donations to a specific charity or organization are tax-deductible, check with the Internal Revenue Service online at www.irs.gov or by phone (877) 829-5500, and check with the State Franchise Tax Board online at www.ftb.ca.gov or by phone (916) 845-4171.

A tax-deductible charity sells you two tickets for a fundraiser that includes a dinner and concert. You can write off the full amount you paid for the tickets.

False. You can only write off what you spent minus the value of what you received, in this case the dinner and concert.

Want to learn more? Consult the following sources:

California Secretary of State

(916) 653-6814

www.ss.ca.gov

The Secretary of State administers the filing of articles of incorporation and annual statements of officers for charities.

Government agencies with jurisdiction over charities:

The California Office of the Attorney General

(916) 322-3360 or toll-free (800) 952-5225

www.ag.ca.gov

U.S. Internal Revenue Service

(877) 829-5500

or toll-free (800) 829-1040

www.irs.gov

The IRS reviews applications and issues Federal tax exemptions to corporations. It also requires nonprofit public benefit corporations to file annual financial reports.

California Franchise Tax Board

(916) 845-4171

or toll-free (800) 852-5711

www.ftb.ca.gov

The FTB is responsible for granting State tax exemptions to qualified organizations and oversees compliance with state tax laws.

Federal Trade Commission

(877) 382-4357

www.ftc.gov

The FTC offers a wide variety of informative consumer guides.

Private organizations can also provide you with information about charities and nonprofit organizations. Some include:

AARP

(888) 687-2277

www.aarp.org/money/wise_consumer/

AARP has consumer guides and tips for wise giving by seniors.

American Institute of Philanthropy

3450 North Lake Shore Drive, Suite 2802E

P.O. Box 578460 Chicago, IL 60657

(773) 529-2300

www.charitywatch.org

The Institute has information about organizations, a charity rating system, and discussions of "hot topics."

BBB Wise Giving Alliance, The Council of Better Business Bureaus Foundation

4200 Wilson Blvd., Suite 800 Arlington, VA 22203-1804

800 575-GIVE

www.bbb.org and www.give.org

BBB has a guide for donors, charity evaluations, and various tip sheets on wise giving.

GuideStar

www.guidestar.org

GuideStar has a searchable database of nationwide charities and guides for reading IRS Form 990.

Nonprofit Coordinating Committee of New York, Inc.

www.npcny.org/Form_990/990.htm

The Committee has a guide for reading IRS Form 990.

PROGRAMS *help seniors* afford their medicines



No one has to be reminded about the high cost of prescription drugs. But what you may not know is that there are ways to save money without resorting to buying medications out of the country, or worse, cutting back on your doctor's recommended dose. Here are some resources that may be helpful.

FOR PEOPLE WITHOUT INSURANCE:

RxHelpForCalifornians helps low-income, uninsured California residents get free or discounted brand-name medicines. Call (877) 777-7815 or go online to www.rxhelpforca.org to participate.

The Partnership for Prescription Assistance offers access to more than 475 public and private patient assistance programs, including more than 180 programs offered by pharmaceutical companies. Call (888) 4PPA-NOW (888) 477-2669 or go online to www.pparx.org.

Rx Assist is a Web site that streamlines the application process for the

pharmaceutical industry's patient assistance programs. Some programs are available to people with prescription insurance, including Medicare, but some are not. Go online to www.rxassist.org for details.

Together Rx Access is a medication discount program for low-income people who are not eligible for Medicare and have no prescription drug coverage. The program is sponsored by pharmaceutical companies. For information, call (800) 444-4106 or go online to www.togetherrxaccess.com.

FOR PEOPLE ON MEDICARE:

California's Medicare Discount Program can save consumers up to 40 percent on the cost of prescriptions not covered by Medicare. Under this program, participating pharmacies sell Medicare recipients certain medications at discount Medi-Cal prices. Check with your pharmacy for details or call the Health Insurance Counseling and Advocacy Program (HICAP) at (800) 434-0222 for information and assistance. Online, go to www.dhs.ca.gov/medicaredrugdiscount for details. Anyone who has a Medicare card is eligible; you do not have to be a

Medi-Cal recipient. There are no forms to fill out.

The U.S. Social Security Administration helps low-income Medicare recipients with prescription drug expenses. For eligibility information, call (800) 772-1213, or (800) 325-0778, for TTY, or go to www.socialsecurity.gov.

For information about Medicare prescription drug plans and enrollment periods, call (800) MEDICARE or (800) 633-4227 or TTY (877) 486-2048. Go online to www.medicare.gov. Counselors from the Health Insurance Counseling and Advocacy Program (HICAP) also offer free information about Medicare drug coverage. Call (800) 434-0222 to arrange an appointment or to find the HICAP office in your county. More information about Medicare is available online at www.calmedicare.org.

BenefitsCheckUp is an online screening tool from the National Council on Aging that can help seniors find government services and programs they may be eligible for, including prescription drug coverage. Go to www.benefitscheckup.org to find out what you qualify for.

INTRODUCING TWO NEW PUBLICATIONS

In the battle against bad credit, unreasonable fees, sky-high interest, and questionable offers, the best weapon is information—from A to Z.

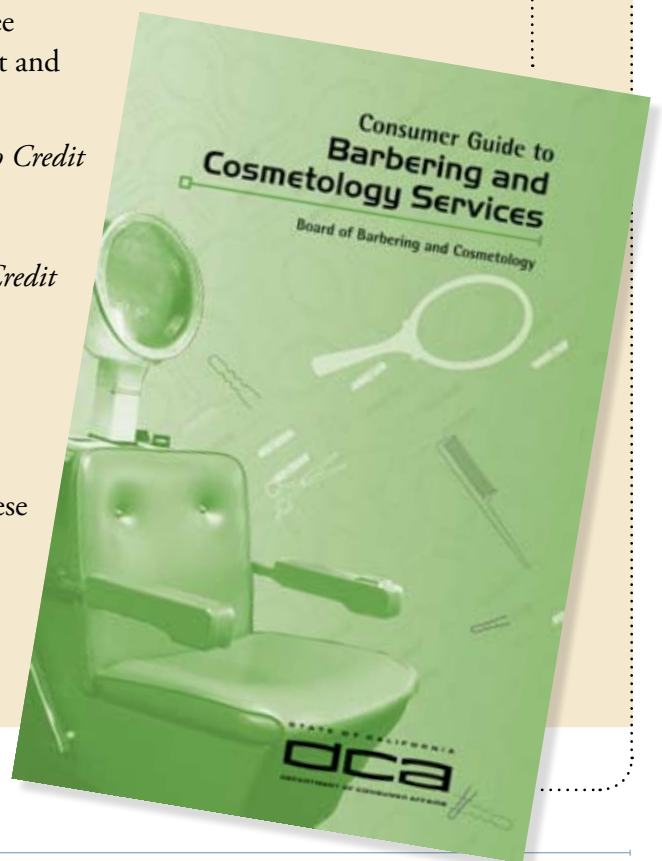
Everything from annual credit report to zero-percent interest is laid out for you in the *A to Z Guide to Credit Cards*, a new publication from the Department of Consumer Affairs (DCA). In it, large print, plain English, and a wealth of Web links, phone numbers, and other information sources are provided.

“In today’s marketplace, I think it’s crucial that consumers take control of their own finances and credit,” said DCA Director Carrie Lopez. “A key to that is managing debt. And nothing has contributed more to putting and keeping people in debt than credit cards,” she added. “This guide will be an important first step for California consumers working to free themselves from the burden of unreasonable debt and get back on the road to good credit.”

You can access and download the *A to Z Guide to Credit Cards* at: www.dca.ca.gov, or you can order a printed copy by calling toll-free (866) 320-8652. Copies of the *A to Z Guide to Credit Cards* will soon be available in Spanish, Chinese, Korean, Vietnamese, and Tagalog.

Also just published is the *Consumer Guide to Barbering and Cosmetology Services*.

Copies will be available in Spanish and Vietnamese soon. Call (866) 320-8652 to order.



FORECLOSURE:
A growing trend
*How to avoid
becoming a statistic*





According to RealtyTrac®, in 2006, foreclosures increased to 1.2 million, or one out of every 92 U.S. households—an increase of 42 percent from 2005. The number is expected to increase this year. “It’s absolutely crucial that Californians facing the threat of foreclosure reach out to their lenders and discuss available options to save their homes,” Governor Schwarzenegger said this October.

To help homeowners who are experiencing difficulty with their mortgage payments, the State has established two key resources: The HOPE Hotline at 1-888-995-HOPE or online at www.995HOPE.org provides free mortgage counseling 24 hours a day, seven days a week. In addition to the HOPE Hotline, two Web sites that offer mortgage assistance in Spanish and English were recently launched: <http://www.yourhome.ca.gov>, and www.sucasa.gov.

If you have fallen behind in your mortgage payments and fear you may lose your home to foreclosure, realize that you have a range of options. Your first move should be to contact your lender or mortgage company. Foreclosure is just as bad for their credit as it is for yours, and they are highly motivated to negotiate a deal that could forgive or reduce some payments, lower rates, or otherwise reshape the loan into something you both can live with.

If your lender is unwilling or unable to offer you more flexible terms, you may wish to consider advice offered by the Federal Housing Administration (FHA) and the U.S. Department of Housing and Urban Development (HUD) on their Web sites, www.fha.gov/foreclosure and www.hud.gov/foreclosure. Specifically,

HUD offers “Help for Homeowners Facing the Loss of Their Home” at www.hud.gov/offices/hsg/sfh/econ/econ.cfm. Taking a slightly different approach is “Tips for Avoiding Foreclosure” at www.hud.gov/foreclosure/index.cfm. HUD’s loss-mitigation programs can only be used by borrowers who have loans that are insured by the Federal Housing Administration.

Regardless of where you got your loan or insurance, you can use the services of HUD-approved Housing Counseling Agencies (HCAs). For example, the Homeownership Preservation Foundation (HPF) operates independent, free, foreclosure prevention counseling services through partnerships with city, county, State, and Federal government agencies as well as community-based nonprofit organizations and mortgage companies. Contact HPF online at www.hpfonline.org. You can find the HCA closest to you at www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm.

In California, the Department of Real Estate and the Department of Corporations each post a wealth of information on their Web sites that can help consumers with home-finance issues. You may access their Web sites at www.dre.ca.gov/mlbconsumer.htm and www.corp.ca.gov/comp/complis.htm.

Finally, if negotiation with your lender fails to produce realistic terms, you may wish to consider filing a Chapter 13 bankruptcy, which may protect your house from foreclosure. To find a lawyer near you who is qualified in this area, go to the California Bar Association Web site at www.calbar.ca.gov. The site has information on free or low-cost legal advice for low-income persons.

Foreclosure Scam Alert

Here’s how foreclosure “rescue” scam artists work: They will ask you to surrender your deed and say they’ll rent your house to you. In a few years, they say, they’ll let you buy it back. Or, they promise to negotiate for you with your lender. But first, they’ll need an up-front fee that can range from \$750 to thousands of dollars. Typically, these self-proclaimed “Rescue Consultants” will do nothing other than cash your check. If they get their hands on your deed, they will evict you and sell your house for all the equity they can extract.

Foreclosure Scam Red Flags:

- The “Rescuers” want you to sign a Quit Claim Deed or other paperwork you do not understand.
- They advertise their services as “Fast Cash,” “Equity Funding,” or “a Foreclosure Service.”
- They are not listed with the Better Business Bureau, the California Department of Corporations, or the Department of Real Estate.
- They ask for money without presenting you with written details about the services they will perform.

Remember: Never sign anything you do not completely understand. Never do business with someone who cannot provide legitimate references such as a major bank or trusted professional organization, such as the Better Business Bureau or AARP, or a Federal or State government agency. If references are provided, check them out. Expect scammers because your current financial status and credit information can be purchased by anyone from any number of sources.



AGING WARRIORS

Many California Vets Unaware of Benefits

With 53 percent of California's 2.2 million veterans 65 years of age or older, the needs of aging warriors are a growing priority. Although many have enrolled in the U.S. Department of Veterans Affairs (VA) health care system, countless others have not.*

“The reasons for not enrolling include the lack of awareness of available VA benefits, access to VA facilities, and simple procrastination. Unfortunately, the passage of time and the need for healthy aging don't respect any of these reasons, and only problems are on the horizon,” said retired Marine Col. Joe Smith, Los Angeles County's Director of Military and Veterans Affairs.

While State and local governments continue to develop plans for the “graying” of America, there is action you can take now. Each county has appointed a County Veterans Service Officer (CVSO) who is knowledgeable about the Federal, State, and local benefits available to help older veterans, said Smith.

Additionally, each CVSO has passed an examination and is accredited by the VA to submit claims for veterans and their dependents or survivors.

The telephone number for your local CVSO can be found in the Government pages in the telephone directory. For more information, phone (209) 533-6880, or visit the California Association of CVSOs Web site at: www.cacvso.org.

* SOURCE: *Strategies to Improve California's Utilization of Veteran Benefits, A Report to the California Legislature* March 15, 2007, by the California Department of Veterans Affairs.

The majority of veterans benefits available today exist because of the efforts of national, State, and local veterans service organizations.

Veterans Administration and Other Resources for Senior Veterans

Federal Veterans Administration

The VA administers Federal veterans benefits, including compensation and pensions, life insurance, and burials. For additional information, phone (800) 827-1000, or visit www.va.gov.

State Veterans Affairs

The California Department of Veterans Affairs administers specialized State veterans benefits, including veterans claims representation, the Veterans Homes of California in Barstow, Chula Vista, and Yountville, and the Northern California State Veterans Cemetery near Redding. For more information, call toll free (800) 952-5626, or visit www.cdva.ca.gov.

Veterans Service Organizations

The majority of veterans benefits available today exist because of the efforts of national, State, and local veterans service organizations. You may apply for membership with organizations such as the American Legion, AMVETS, Disabled American Veterans, Veterans of Foreign Wars of the U.S., Vietnam Veterans of America, and many more. For contact information, refer to your local telephone directory in the Yellow Pages under “Veterans and Military Organizations” in the Business Section of the white pages, or online at www1.va.gov/vso/.

DD-214

When applying for any veterans benefit, you will need to provide a copy of your military discharge document, commonly known as a DD-214. To request a copy, write to the National Personnel Records Center (NPRC), Military Personnel Records, 9700 Page Blvd., St. Louis, MO, 63132-5100. Turnaround times for records requested from the NPRC vary greatly depending on the nature of the request. For additional information, phone (314) 801-0800, or visit www.archives.gov/st-louis/military-personnel/.



High-Definition Television Deadline

Beware of HDTV Scams and Rip-offs!



On February 17, 2009, standard NTSC television broadcasting (also called analog) will cease in the United States. In order to receive a TV signal in the new high-definition (HDTV) format, you will either need an HDTV television or a digital-to-analog converter box for your analog television. Beware that scammers and criminals are posed to take advantage of the confusion over the next year as more than 300 million Americans prepare for the mandatory switch to the new broadcast format.

To ease this transition, *Consumer Connection* presents the following basic facts and links for further information:

Q What is going to happen on February 17, 2009?

A All broadcasting in the NTSC format (also called analog) will end. In order to receive a television signal, you will either need an HDTV television or a conversion box for your analog television.

Q What should I look for when shopping for a new television?

A Beware of someone selling an analog TV and representing it as an HDTV. An analog television with an internal or external converter box is HDTV compatible, but that is not the same as an HDTV. An HDTV must not only be able to receive an HDTV signal,

but should also be able to produce a high-definition display on its screen. An HDTV-compatible television can receive the HDTV signal, but then it converts it into an analog picture on the screen. Retailers have a lot of analog TVs to sell in the next year. Some may suggest that their televisions are HDTV when this is not the case.

Because of this, the Federal Communications Commission now requires that all retailers post the following on or in close proximity to all analog television sets:

Consumer Alert

This television has only an analog broadcast tuner and will require a converter box after February 17, 2009, to receive over-the-air broadcasts with an antenna because of the Nation's transition to digital broadcasting. Analog-only TVs should continue to work as before with cable and satellite TV services, gaming consoles, VCRs, DVD players, and similar products. For more information, call the Federal Communications Commission at (888) 225-5322; TTY: (888) 835-5322 or visit the Commission's digital television Web site at: www.dtv.gov.

Q Will the U.S. Government help pay for a digital-to-analog converter box?

A The National Telecommunications and Information Administration (NTIA), part of the Federal Trade Commission, is administering the Digital-to-Analog Converter Box Coupon Program. Between January 1, 2008, and March 31, 2009, all U.S. households will be eligible to request up to two \$40 coupons to be used toward the purchase of up to two digital-to-analog converter boxes. The coupons will only be good for specific brands of boxes, and there are additional limitations. For more information, you may phone the NTIA at (888) 388-2009; TTY (877) 530-2634 English; TTY (866) 495-1161 Spanish; or visit www.ntia.doc.gov/dtvcoupon or the FCC at www.dtv.gov.

Q How good of a picture will I get receiving HDTV with an analog TV and converter box?

A Your picture should look about the same as it does now.

Q Will the cost of HDTV be worth the extra expense?

A Consumers will have to decide for themselves. HDTV offers about twice as much picture information as analog TV. Also, the HDTV format offers surround sound-type audio.

Q Which screen technology is best for HDTV?

A Televisions capable of receiving HDTV are available in a number of screen formats, including liquid crystal display (LCD), plasma, organic light emitting diode (OLED), and various types of rear projection. Each has its advantages and proponents. Which one is best is a personal decision.

Q What about Blu-ray; is this different than HDTV?

A Blu-ray is the brand of a high-definition, optical-disk, record-and-play technology. Currently, it is competing with at least one other record-and-play technology called HD DVD. These technologies are not the same as HDTV broadcast format. Generally, they should be compatible with your television, depending on the brand and its specifications.

Consumer Connection Survey

Welcome to the Department of Consumer Affairs's **Consumer Connection** newsletter survey. If you have a few minutes, please take our survey. Data from this survey will be used only to improve future newsletters.

1. Did you find the information in our newsletter useful?

- Very useful
- Somewhat useful
- Neutral
- Not useful

Comments:

2. On a scale of 1–5, with 5 being the best, how would you rate the overall content of the newsletter? (circle one)

1 2 3 4 5

Comments:

3. Identify the article(s) you found to be the most valuable.

4. What topics would you like to see covered in future issues? (Select all that apply.)

- Medical/health related
- Identity theft
- Auto repair
- Landlord/tenant issues
- Home repair scams
- Other:*

5. How would you describe yourself?

- A media representative
- A legislator or legislative staff member
- A member of a consumer group
- A member of the general public
- A staff person from a District Attorneys Office
- A member of a Consumer-Based Organization
- A staff person from a governmental agency
- A Department of Consumer Affairs employee
- Other:*

6. Where are you located?

- Los Angeles area
- Orange County
- San Diego
- Riverside/San Bernardino
- Central Valley
- Bay Area
- Northern California
- Sacramento

Thank you for taking the time to answer our survey. Send your survey to:
DCA Policy & Publications
Development Office,
1625 N. Market Blvd., Suite
N-112, Sacramento, CA 95834



Outreach Calendar

November 2007

9-11

The 23rd Annual High Desert Home, Recreation, and Lifestyle Show

The 23rd Annual High Desert Home, Recreation, and Lifestyle Show

Three-day event hosts more than 200 vendors and government sponsors with a variety of products, information, and consumer resources.

Location: San Bernardino County Fairgrounds, 14800 7th St., Victorville

Sponsored by: Comfort Systems, Inc.

Web site: www.highdeserthomeshows.com

16-17

Green Living Expo

The Green Living Expo will feature everything from Earth-friendly building materials, eco-fashion, and products and services from more than 150 exhibitors.

Location: Ventura County Fairgrounds, 10 W. Harbor Blvd, Ventura

Sponsored by: Kings Hill Publishing

Web site: www.thegreenlivingexpo.com

17-18

Mountain Mandarin Festival

The annual festival features a multitude of foods enhanced with mandarin oranges. Also available are homemade treats, gift baskets, and handcrafted items.

Location: Gold Country Fairgrounds, Auburn

Sponsored by: Newcastle Area Business Association

Web site: www.mandarinfestival.com/

24-25

Wilmington Festival - Hispanic Street Fair

Free, multicultural event with a variety of food, carnival rides, entertainment, and exhibitors from local community organizations, small businesses, and corporations.

Location: Wilmington

Sponsored by: Hispanic Events Marketing

Web site: www.hispaniceventsmarketing.com

December 2007

1-2

Navideno "Christmas" - Hispanic Street Fair

A free, multicultural event with a variety of food, carnival rides, entertainment, and exhibitors from local community organizations, small businesses, and corporations.

Location: Lennox

Sponsored by: Hispanic Events Marketing

Web site: www.hispaniceventsmarketing.com

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