

# DOLLARS & SENSE

EDITION 11, VOLUME 3



## When it's really too good to be true

**In a perfect world, this article would not need to be written because the world would be an honest place and nobody would want to take your hard earned money. Unfortunately, there are a lot of crooks and con artists out there, and it's not always purely for the money that people steal.**

People scam other people simply for the challenge or because it gives them a thrill to get one over on you or anyone else they might be able to fool. The compulsion to scam is so compelling that they'll even scam each other. As much as we wish it weren't true, con artists are out there, and it's important to protect yourself by being aware of the most prevalent scams whether online, over the phone, or through the mail.

### Online Scams

Often, scammers use sophisticated technology and age-old tricks to get people to send them money or give out their personal information. To avoid detection, they constantly tweak

old schemes, pressuring people to make important decisions on the spot, cheating them out of money and valuable information.

According to the Federal Trade Commission Consumer Protection Agency, there is a fake social security email scam going around right this very minute. The subject line of the email reads "Get Protected," and the email talks about various new features from the Social Security Administration that can help taxpayers monitor their credit reports, finding out about any unauthorized use of their Social Security number.

The email sounds very convincing, even citing the IRS and "S.A.F.E. Act

2015." Don't be confused, this is a scam, and it's all made up.

This email is a phishing email trying to get you to click on the scammer's link. If this happens, the scammer can install malware like viruses or spyware onto your computer, where they can have full access to all of your personal information with just the click of a mouse.

Emails such as this might also include a link that sends you to a fake website or a lookalike website that is designed by the scammer to trick you into manually entering in your information.

If you find that you are questioning the identity of someone that has sent you an email, here are a few tips you can use to help detect a lie.

First you should know that many email providers are already using filters to identify phishing scams and spam, and often this prevents them from getting into your inbox. Because of this, most shady emails end up in your junk folder.

When questioning an email, the first thing you should do is check the

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sender. If the sender claims that you have won a gift card from Wal-Mart but does not have an email address reflecting someone from Wal-Mart, it is more than likely a sham.

Sometimes senders can hide their actual email address under a title, but hovering over the title of the sender should reveal the real email address. The next thing you should do is hover over any URL links in the email (do not click!), if the link leads to an unrelated ".com" website instead of the sender's website or a legitimate ".gov" site, it's important that you do not click on it.

These are malicious links and should immediately make the entire email suspect. If you're still not sure if an email is legitimate, contact the agency directly by finding the contact information yourself, not the information from the email. The agency will usually have an idea of what they've sent out, and can help answer your questions.

When you receive a questionable email, never click on any links or open any attachments. Instead, report it to the FTC by forwarding the email to

spam@uce.gov as well as to the organization being impersonated in the email so they can take the appropriate measures.

## Phone

Although technology has made headway, thousands of people lose their money and personal information to telephone scams every year. Usually, phone scammers will try to sell you a product you hadn't planned to buy, pressuring you into giving up some of your personal information like credit card details or your Social Security number.

The most common phone scam is telemarketing fraud, where phone scammers will use fake prizes, products, or services as bait. Sometimes, they call you, but other con artists will trick you into actually calling them yourself by sending contact information in a text, email, or ad asking you to call a specific number for more details.

These scams often include travel packages offering free or low-cost vacations that end up costing a lot more in hidden costs, or credit and loan scams. Often, it includes advanced free loans, payday loans, or credit card loss protection.

They may seem credible, and could even be hard to spot since the con artist calls you directly, but don't fall for it. If you receive a call claiming you've won something you have never entered a competition for just say "No thank you" and hang up the phone.

To protect yourself against telephone scams, you can register your home, and cell phone numbers with the National Do Not Call Registry, which was created to offer consumers a choice regarding telemarketing calls. However, this won't stop all unsolicited calls, but it will help prevent most, further protecting you from answering a spam call.

Ask yourself "Does this offer sound too good to be true?" If the answer is yes, you should be cautious. Con artists will put pressure on you by refusing to take no for an answer, insisting that you make an immediate decision.

The truth is, they don't want you to think about it too long because you may realize it's a scam and back out, so they may even say you are only one of a few that are eligible for the offer when they're in fact targeting hundreds of thousands of consumers. If your credit card information is requested for verification, never provide your details if you're not making a purchase.

Most importantly, if you are given no written detailed information and are required to send money or provide credit card information before the telemarketer will provide the details in writing, be wary. Scammers will have excuses for these tactics, so you should be prepared to set your manners aside and hang up. Never feel pressured to make a quick decision.

If you believe you've been a victim of a phone scam or telemarketing fraud, file a report with the Federal Trade Commission.

## Mail

Another favorite choice of many scam artists is to impersonate the U.S. Census Bureau. This federal agency is responsible for collecting data about the people as well as the economy of the United States. The Bureau collects some personal and demographic information from individuals and businesses to conduct their research.

Thus, some con artists may pretend to work for the Census Bureau to collect personal information about you to use for fraud, including stealing your identity. Often, they will send you letters that appear to be official letters from the Bureau, and could even try getting you to call them directly from a letter sent in the mail.

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# The Lottery: The odds are never in your favor

Even though the odds of winning the lottery are one in 292 million, countless people still buy into it hoping to win big. The allure of a huge windfall of money falling into your lap, just for spending a few dollars on a ticket, is just too much to resist.

People are optimists; they think they have a chance, that perhaps they're lucky, or this is "their" year. What they don't realize is that when it comes to the lottery, the odds just aren't in your favor, even if you win.

The Powerball is similar to the standard lottery, but with a twist. Each player picks five numbers ranging from one through 69. The winning numbers are randomly selected.

The final number, the Powerball, ranges from one to 26, and always comes last. The goal is to pick the right numbers to win the jackpot, or, at least, a secondary prize.

If you do the math, the one-in-292 million odds come from the various combinations of winning numbers in any order multiplied by 26 (for every possible Powerball). These odds never change no matter how big the jackpot gets.

Although your odds remain the same, if you must buy a lottery ticket, you're better off buying a ticket when the pot is large. The reason for this is what Statisticians call "expected return." An expected return is your odds of winning multiplied by the potential payout. The higher the jackpot, the higher the potential payout.

For example, if you buy one Powerball ticket, you have a one in 292 million chance of winning a \$1.4 billion (the jackpot). However, your expected return is about \$5 on a \$2 ticket — a sound investment. Except it isn't that cut and dry.

If you beat the odds and, in fact, win, you would only get the full amount if you accept the payout over 30 years. If you select the lump sum, you will get just over half of the amount. But wait, there's more! You then have to pay taxes on that money as well, losing about 40 percent at the federal tax rate. On top of that, the IRS withholds 25 percent just because you won the money gambling.

Depending on the state you live in, you then have to pay various state taxes (unless you live somewhere with no state tax). Eventually, your expected return is well below your initial investment.

Your expected return drops from \$5 to below \$2 (less than the cost of your ticket). Not a great investment. Even if you win a large amount, you win considerably less than expected.

As the jackpot grows, the expected return also gets bigger. However you must take into account that the higher

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## What about Publisher's Clearing House Sweepstakes?

PCH's SuperPrize giveaways are among the most well-known sweepstakes in America, and the company is legitimate. However, so many people enter them that it is just like the lottery. For their mega-giveaways the odds are only around 1 in over 500-million! These sweepstakes do offer a difference from the Lottery because they are free to enter and the prizes can be life-changing... but spending hours filling out their forms and exchanging your personal information and consumer preferences for a very small chance at a prize is still a steep price to pay.

In addition many scam artists have piggy-backed on the well-known name and use it and even the logo to make their scam materials look more legitimate. While they look official they aren't backed by a legitimate company. So how can you tell? The PCH website lists a number of signs to watch for, for other questions visit <https://info.pch.com>:

- Do you remember entering the sweepstakes?
- Is the sender asking for money, credit cards, or your social security info? Remember real PCH entries ask for none of that information.
- If you receive notice that you've won something, call the company customer service directly... do not use the phone number in the letter. PCH doesn't email or call it's winners.
- If you receive a check it may be counterfeit and you could be left holding the bag. Never cash a check for another party and send them money!

## The Lottery: The odds are never in your favor (continued from p.3)

the jackpot, the more people will play (decreasing your odds) and increasing the likelihood of splitting multiple wins.

The lottery is designed to work against you. In October 2015, the non-profit organization controlling Powerball changed the format. Upon increasing the range of white balls from 59 to 69, they also lowered the range of Powerball from 35 to 26, dropping the odds from one in 175 million to one in 292 million.

These changes simultaneously accomplished two things: made it easier to win low-stakes payouts and made it much harder to win the jackpot. In turn, this makes more people want to play, which makes the likelihood of your winning even less. If the odds are less likely that someone wins, the lottery is more likely to have record-breaking jackpots because it's rolling over every time someone doesn't win.

The larger the jackpot is, the more records it breaks, the more people talk about it and want to get in on the action. So not only are you playing a game that is designed to work against you, where the odds have never been in your favor, you're also now playing with a bigger number of people. A game that even if you beat the odds and win a substantial amount, gets taxed to less than half of what you won.

Beating the odds and winning the lottery has also had catastrophic consequences in many lives. If you are receiving any kind of government assistance, even a modest lottery win can make you ineligible. Your assistance would end, and yet the winnings may not be enough to live on. Additional lottery winners misfortune include bankruptcy, lawsuits, failed relationships, suicide and even murder. Yes, money can change lives, but not always for the better.

If you know of someone who would benefit from this information, please pass this newsletter along.

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Let's put it into perspective: the odds of getting struck by lightning in a given year are 1 in 1,000,000. You have a better chance of being struck by lightning than you do of ever winning either the jackpot or a top secondary prize in a Powerball drawing.

You are 25x more likely to become President of the United States than to win a lottery jackpot. If you can overcome those astronomical odds, your winnings will be widdled down to less than half the amount, and you run the risk of money struggles and losing relationships with loved ones. How do you like those odds?

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**Instead of spending \$6 on lottery tickets every week, put \$6 in your savings account. With the money that would accumulate in three years you could have a down payment for a car, which would make your car loan payment smaller.**

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In the long run, you will likely end up spending a lot more money playing the lottery than you will ever make back. Every dollar you spend on the lottery would be better off spent on the stock market.

Better yet, instead of spending \$6 on lottery tickets every week, put \$6 in your savings account. With the money that would accumulate (especially if your bank gives you interest on your savings), in three years you could have a down payment for a car, which would make your car loan payment smaller, putting more money back in your pocket. Now, that is life changing money you can count on!

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These scams may attempt to obtain information the Census Bureau never asks for such as your full Social Security number, your entire bank or credit card account numbers, money or donations, and even your mother's maiden name.

If you have received a survey by mail, you can call the National Processing Center and check to see if it's an official letter signed by a U.S. Census Bureau director or ask to see an ID badge if the "employee" comes directly to your door. If you have been fooled into a scheme in which mail was used, inform your local postmaster or nearest Postal Inspector.

The fact of the matter is that con artists will try everything and anything they can to target individuals. Not only are phishing and other scams a criminal act punishable by law, but it can also be tough to both spot a scam while it's taking place and get your money back after you've been fooled.

Being aware of the scams that are out there, learning ways to spot potential threats, being cautious, and taking steps to protect yourself from any possible scams in the future could save you a lot of time, energy, and money.



### Family Financial Education Foundation

ACCESS EDUCATION SYSTEMS

724 Front Street, Suite 340

Evanston, WY 82930

contact: (877) 789-4175

[www.ffef.org](http://www.ffef.org) | [info@ffef.org](mailto:info@ffef.org)

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