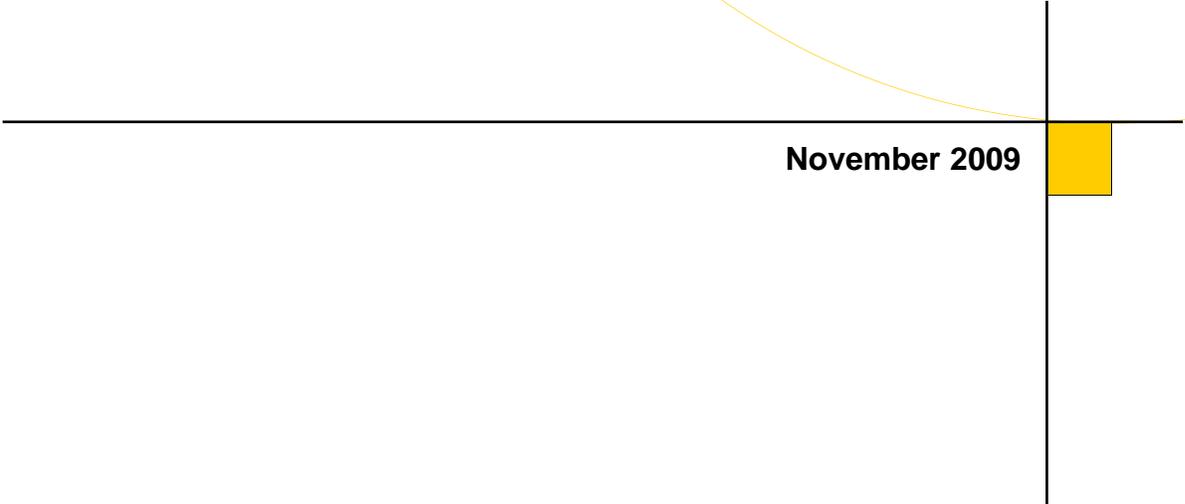
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**Protecting Older Investors:
2009 Free Lunch Seminar
Report**

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November 2009



Protecting Older Investors: 2009 Free Lunch Seminar Report

**Report Prepared by
Lona Choi-Allum, PhD**

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I. EXECUTIVE SUMMARY

Introduction

According to a recent survey from AARP, almost nine out of ten consumers (89%) feel they should be provided with information on how to monitor investment advisors and report possible financial professional misconduct to regulators.¹ Investment or money management seminars, which appear to be growing across the country, represent one area of possible misconduct.² Often times, these seminars offer a free lunch or dinner in exchange for listening to someone speak about investment strategies and personal finances. These “free lunch” seminars are used to attract seniors who are interested in learning how to invest their money for retirement.³ Most troubling about some of these seminars is that a year long examination by U.S. Securities and Exchange Commission (SEC), North American Securities Administrators Association (NASAA), and the Financial Industry Regulatory Authority (FINRA) found that 59% of these seminars reflected weak supervisory practices by firms and 23% of the advisers holding the seminars recommended investments that did not appear to be suitable for the client.⁴

In response to these findings and the growing concern of older investors about their own retirement security,⁵ and after reviewing the findings from the research conducted by SEC, NASAA and FINRA that outlined compliance practices, AARP launched the Free Lunch Monitor Program in collaboration with NASAA, in October 2008. The purpose of this national program is to raise public awareness about the possible dangers of attending free lunch seminars, empower AARP members and all investors with the tools to decipher fraudulent versus informative education presentations, and share a tool to report suspicious activity—the Free Lunch Monitor Checklist. Often times, those who attend free lunch seminars have no idea that they are potential targets of financial fraud. Attendees go to these seminars hoping to learn about investment strategies, but instead are sometimes given sales pitches to purchase financial products that are fraudulent or unsuitable.⁶

¹ AARP (2009). Opinion Research on Retirement Security and the Automatic IRA.

² Office of Compliance Inspections and Examinations, Securities and Exchange Commission, North American Securities Administrators Association, and Financial Industry Regulatory Authority (2007). Protecting Senior Investors: Report of Examinations of Securities Firms Providing “Free Lunch” Sales Seminars.

³ U.S. Securities and Exchange Commission (2006). “Free Lunch” Sales Seminar Examination Sweeps. <http://www.sec.gov/news/press/extra/seniors/freelunchseminars.htm>.

⁴ Office of Compliance Inspections and Examinations, Securities and Exchange Commission, North American Securities Administrators Association, and Financial Industry Regulatory Authority (2007). Protecting Senior Investors: Report of Examinations of Securities Firms Providing “Free Lunch” Sales Seminars.

⁵ Employee Benefit Research Institute (2009). The 2009 Retirement Confidence Survey: Economy Drives Confidence to Record Lows; Many Looking to Work Longer. Issue Brief No. 328.

⁶ Office of Compliance Inspections and Examinations, Securities and Exchange Commission, North American Securities Administrators Association, and Financial Industry Regulatory Authority (2007). Protecting Senior Investors: Report of Examinations of Securities Firms Providing “Free Lunch” Sales Seminars.

Unlike past research that focused on compliance by the firms offering the free lunch seminars, the purpose of this report is to learn more about free lunch seminars from a consumers' perspective. Specifically, the report examines who is being targeted, who attends these seminars, what expectations attendees have when they participate in a free financial seminar, and what kinds of information are offered to attendees at the seminar.

The report focuses on findings from a national telephone survey among individuals ages 55 and over who are financial decision makers. 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 individuals ages 55 and over.⁷ In addition to the national survey, the report also contains data from the "What to Listen For at Free Lunch Seminars" checklists that were submitted by Free Lunch Monitor volunteers and free lunch seminar invitation samples.⁸ These may be found in the appendix.

Key Findings From the Survey

Over three out of five respondents (63%) reported that they received an invitation in the mail inviting them to a free financial seminar. About one-fifth received an invitation by email (18%) or by phone (22%). Over half of respondents (57%) received five or more invitations for a free financial seminar within the past three years.

Almost one in ten respondents (9%) said they attended a free financial seminar within the past three years. While those who have attended a free financial seminar may seem to be a small segment of the population, this translates into approximately 5.9 million individuals ages 55 and over in the U.S.⁹

Respondents ages 65 and over (13%) were twice as likely as those ages 55-64 (6%) to report that they had attended a free financial seminar. Although respondents living in the North Central region are less concerned than those living in the Northeast, South, and West regions about the possibility that financial scams could affect them or someone they know, they are more likely than those living in the other regions to attend a free lunch seminar.¹⁰

⁷ The sample was weighted by key demographics to provide a nationally representative estimate of the 55+ population.

⁸ Data from the checklists were collected from November 2008 through August 13, 2009. The seminar invitation samples were collected from October 2008 through October 2009. Information on how the data were collected may be found in the Methodology section of the report.

⁹ Using data from the U.S. Census Bureau (2008), the calculations are based on the number of individuals ages 55+ in the U.S. (70,091,808) multiplied by the percentage of individuals ages 55 and over screened for this survey who reported that they are a financial decision maker in their household (94%) and the percentage of individuals who said they attended a free financial seminar (9%). In this survey, financial decision makers were identified by their responses to the following question found in Appendix A: "How much responsibility do you have for the financial decisions of your household?"

¹⁰ North Central Region (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin)

Free Lunch Seminar Invitations

- Over three out of five respondents (63%) report that they have received a mailed invitation to participate in a free financial seminar.
- Almost one out of five (18%) have received an invitation by email.
- Among those who received an invitation by mail or email, over half (57%) received five or more invitations for a free financial seminar within the past three years. Over a quarter (27%) received ten or more invitations.

Free Financial Seminar Attendees

- Almost one out of ten (9%) attended a free financial seminar within the past three years.
- Attendees (86%) are more likely than non-attendees (61%) to say that they received an invitation by mail.
- Respondents ages 65 and over (13%) were twice as likely as respondents ages 55-64 years old (6%) to report that they had attended a free financial seminar.
- Those living in the North Central region (17%) are more likely to attend a free lunch seminar than those living in the Northeast (5%), South (7%), and West (9%) regions.

Free Financial Seminar Concerns

- Approximately three-quarters of all respondents (76%), including those who have not attended a seminar within the past three years, are *very concerned* or *somewhat concerned* about the possibility that financial scams could affect them or someone they know.
- Those living in the North Central region (37%) are less likely than those living in the Northeast (52%), South (49%), and West (49%) regions to be *very concerned* about scams.

Expectations and Experiences with Free Financial Seminar Presenters

- Of those who attended a seminar, over three out of four (78%) expected that the free financial seminar would focus mainly on opportunities to learn more about financial issues. About one out of five (21%) expected that the free financial seminar would center on opportunities to purchase financial products.
- Almost two out of five attendees (39%) reported that the presenter tried to sell them something either during or after the free financial seminar.
- Half of seminar attendees (50%) said the presenter asked them for personal information, such as their contact information or information about their finances.
- More than two out of five attendees (46%) stated that the seminar presenter attempted to make a follow-up appointment at their home.

Qualifications of Free Financial Seminar Presenters

- Among all respondents, including those who have not attended a free financial seminar within the past three years, more than seven in ten (72%) believe that free financial seminar presenters should share their qualifications or credentials to speak about financial issues with attendees.

Findings From the Free Lunch Monitor Program Volunteer Checklists

The following findings are highlights from the Free Lunch Monitor checklists that were submitted to AARP by 180 volunteers who attended seminars and used the checklists to report their experiences to AARP. These findings should not be considered nationally representative because the Free Lunch Monitor volunteers are a self-selected group.

- A majority of Free Lunch Monitor volunteers (82%) found out about a free financial seminar by mail.
- Among the volunteers who reported that the presenter talked about at least one of four types of annuities:
 - About two out of five volunteers (39%) reported that they were encouraged to purchase an annuity.
 - Almost half of volunteers (48%) said that the speaker did not discuss the risks associated with the annuity.
 - About two-thirds of volunteers (67%) said that the speaker did not disclose the surrender charges and tax penalties if the annuities were cancelled early.
- Phrases that were emphasized during some of the presentations included “low risk” (43%), “high rate of return” (26%), and “people are making a lot of money from similar investments” (26%).
- Over half of volunteers (54%) reported that they were promised returns of 7% or more.
- Most of the completed checklists came from Florida (31%), Arizona (7%), Texas (6%), California (5%), Washington (5%), and Virginia (5%).
- A quarter of volunteers (25%) who submitted a checklist did report that they were contacted as a result of the free financial seminar.

Implications

Free financial seminars are marketed to a majority of the 55 and over population.

Those ages 65 and over may be more vulnerable since they are more likely than those ages 55 to 64 to attend a free financial seminar. Also, those ages 65 and over are twice as likely than those ages 55 to 64 to say that it is *not too important* or *not at all important* for seminar presenters to share their qualifications. In addition, those living in the North Central region are most likely, compared to the other regions, to attend free financial seminars.

Potential investors who attend free financial seminars may not be told up front in their invitation about the content of the seminar.

The majority of seminar attendees indicated that they had expected that the free financial seminar that they were invited to would focus on opportunities to learn more about financial issues. However, half of seminar attendees report that the presenter asked them for their contact information or information about their finances. Seminar attendees also revealed that presenters have tried to sell them something either during or after the seminar, or even attempted to make a follow-up appointment.

Free financial seminars are promoted through many channels. The national telephone survey revealed that a majority of respondents are learning about free lunch seminars by mail. Attendees are more likely than non-attendees to receive invitations by mail, phone, or see an ad in the newspaper or on TV. Although mail is the most common method of receiving free financial seminar invitations, those with incomes over \$75K are more likely than those with incomes less than \$75K to be notified by email and those ages 65 and over are more likely than those ages 55 to 64 to be invited by phone.

The experiences of potential investors at free financial seminars suggest a need for more education for investors and regulation of seminar presenters. Seminar attendees should be able to make informed decisions about what whether to attend a free financial seminar or not. Educational efforts targeting consumers ages 65 and over may be most important as they are more likely than consumers ages 55 to 64 to attend seminars. Efforts targeting the North Central region may also be especially warranted given the higher likelihood of consumers in this region who attend seminars.

The observations made by the Free Lunch Monitor volunteers who submitted checklists suggests that more consumers need to be informed about annuities and the warning signs of investment fraud. Among the 135 volunteers who reported that the seminar presenter talked about at one of four types of annuities, almost two out of five (39%) reported that they were encouraged to purchase an annuity. However, almost half (48%) said that they were not told about the risks and two-thirds (67%) did not hear anything about possible surrender charges at the seminars. The results from the checklists provide a general indication that consumers would benefit from knowing what questions to ask a financial advisor to determine if a product is suitable for their needs. In addition, volunteers reported that the presenters in the free lunch seminars promised low risks (43%) and high returns (26%). Further education may be needed to inform individuals about the warning signs of fraud, which include exaggerated claims of low risks and high returns.

II. BACKGROUND

In October 2008, AARP, in collaboration with the North American Securities Administrators Association (NASAA), launched the Free Lunch Monitor (FLM) Program. The FLM Program provides individuals with the information and tools to help combat the sale of fraudulent or unsuitable investment products at free lunch seminars.

The FLM Program encourages potential investors who receive an invitation and have interest, to volunteer their time and take the “What to Listen For at Free Lunch Seminars” checklist (see Appendix B), to a free lunch seminar.¹¹ Armed with the AARP/NASAA approved checklist, the Free Lunch Monitor volunteer reports activities that may or may not adhere to the guidelines set by securities regulators. A summary of the checklist findings may be found in Appendix C.

Since the FLM Program’s launch in 2008, over 100,000 people have visited the FLM website and over 200 completed checklists have been received from FLM volunteers in 31 states. In addition, nearly 2,300 investment seminar invitations have been received, which allows AARP to monitor the types of products sold at the free lunch seminars and note the language used in seminar invitations to attract potential investors.

In this report, the term “free lunch seminars” and “free financial seminars” are used interchangeably as many of the seminars may serve a meal other than lunch.

¹¹ Available at the FLM website, www.aarp.org/nofreelunch.

III. METHODOLOGY

The purpose of the report was to learn more about free financial seminars. Specifically, who is targeted, who attends these seminars, what expectations attendees have when they participate in a free financial seminar, and what kind of information is offered to attendees at the seminar.

The report focuses on findings from a national telephone survey among individuals ages 55 and over who are financial decision makers (see Appendix A for Annotated Questionnaire). A national telephone survey was conducted to learn how many individuals ages 55 and over in the general population had received a free lunch seminar invitation to learn more about the experiences of those who have attended a seminar. The survey was targeted towards individuals ages 55 and over who were financial decision makers for their household. 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.¹²

In addition to the national survey, the report also contains data from the “What to Listen For at Free Lunch Seminars” checklists and free lunch seminar invitation samples.¹³ For the purposes of this report, only data from checklists received from November 2008 through August 2009 were tabulated and included in Appendix C.¹⁴ Information about the checklist was available through various media outlets, AARP state web sites, and AARP print and web sources. The checklist, which is downloaded and accessed through the FLM website, www.aarp.org/nofreelunch, is available to anyone who is interested in attending a free lunch seminar and reporting on the findings. Data from the checklists were collected by mail from volunteers who sent them in to AARP. Since the sample is based on self-selection, the checklist data are used only to serve as background information and should not be considered to be nationally representative.

Free lunch seminar invitations were collected by mail from volunteers who sent them in to AARP from October 2008 through October 2009. Samples of the collected invitations are included in Appendix D.

¹² The margin of error for total respondents is +/-3.08% at the 95% confidence level.

¹³ Data from the checklists were collected from November 2008 through August 13, 2009. Data from the seminar invitation samples were collected from October 2008 through October 2009.

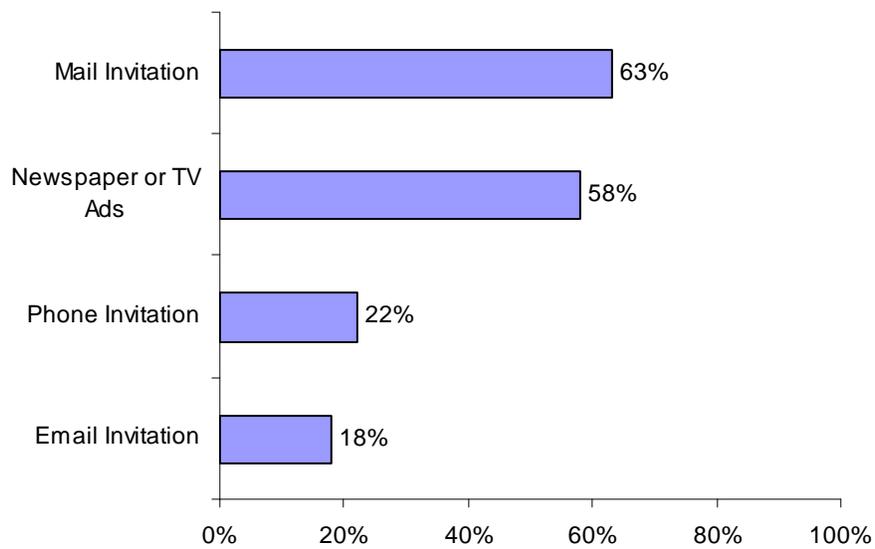
¹⁴ Since there is no way to determine conclusively whether multiple checklists were submitted to AARP from the same seminar, more than one checklist may have been received for the same free lunch seminar. In addition, the same volunteer could have submitted more than one checklist if he/she attended multiple seminars.

IV. DETAILED FINDINGS

A. Free Financial Seminar Invitations

Over three out of five respondents (63%) report that they have received a mailed invitation to participate in a free financial seminar.

How Respondents Learned About a Free Financial Seminar
(n=1,012)



Almost three out of five respondents (58%) learned about a free financial seminar through a newspaper ad or on TV. About one-fifth of respondents received an invitation by phone (22%) or email (18%). In all, approximately three out of four respondents (76%) received information about a seminar through at least one of these methods.

Profile of Respondents Who are Most Likely to Receive a Free Financial Seminar Invitation

Although a majority of men and women reported receiving a mailed invitation, males (68%) were more likely than females (59%) to receive a mailed invitation. In addition, respondents living in the West (77%) and North Central region (68%) were more likely than those living in the Northeast (54%) to have received a mailed invitation.

Respondents with incomes over \$75K (37%) were almost three times as likely as respondents with incomes less than \$75K (13%) to receive an invitation by email. Respondents ages 65 and over (25%) were more likely than those ages 55-64 (18%) to receive a phone call inviting them to a free financial seminar. Respondents with incomes less than \$25K (41%) were less likely than those with incomes greater than \$25K (70%) to have seen an ad in a newspaper or on TV for a free financial seminar.

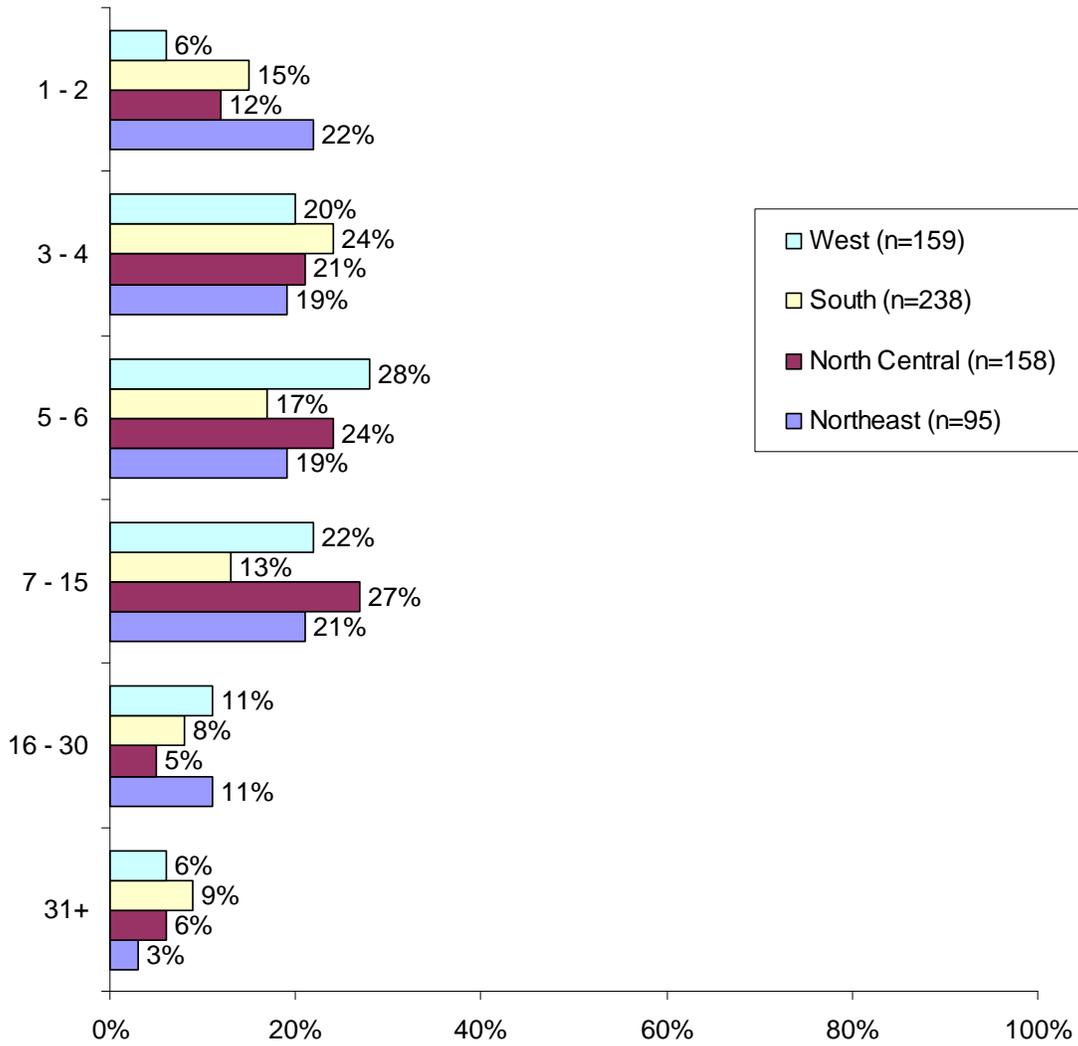
Method of Receiving a Free Financial Seminar Invitation	Profile of Likely Recipients*
Mail	Male
	Income greater than \$25K
	Living in the North Central or West region
	Greater than a high school education
Email	Male
	Income greater than \$75K
	College graduate or post college education
Phone	Age 65 or older
	At least some college education or more
Ad in Newspaper or on TV	Income greater than \$25K
	Living in the West region
	At least some college education or more

*This table identifies segments of consumers ages 55+ who were more likely than their counterparts to report receiving information in this manner.

Among those who received an invitation by mail or email, about four out of ten (42%) received one to five invitations, about three out of ten (31%) received six to fourteen invitations, and almost one out of five (18%) received fifteen or more invitations. Less than one out of ten (8%) did not recall the number of invitations they received. In all, over half (57%) received five or more invitations for a free financial seminar within the past three years.

Respondents living in the West region (28%) were more likely than respondents living in the South (17%) to report receiving five to six invitations by mail or email. Respondents living in the North Central region (27%) were twice as likely as those living in the South (13%) to say that they received seven to fifteen invitations by mail or email.

**Number of Invitations Received Within the Past Three Years by Region¹⁵
(Asked of Respondents Who Received an Invitation by Mail or Email)**



* Indicates significant differences between regions.

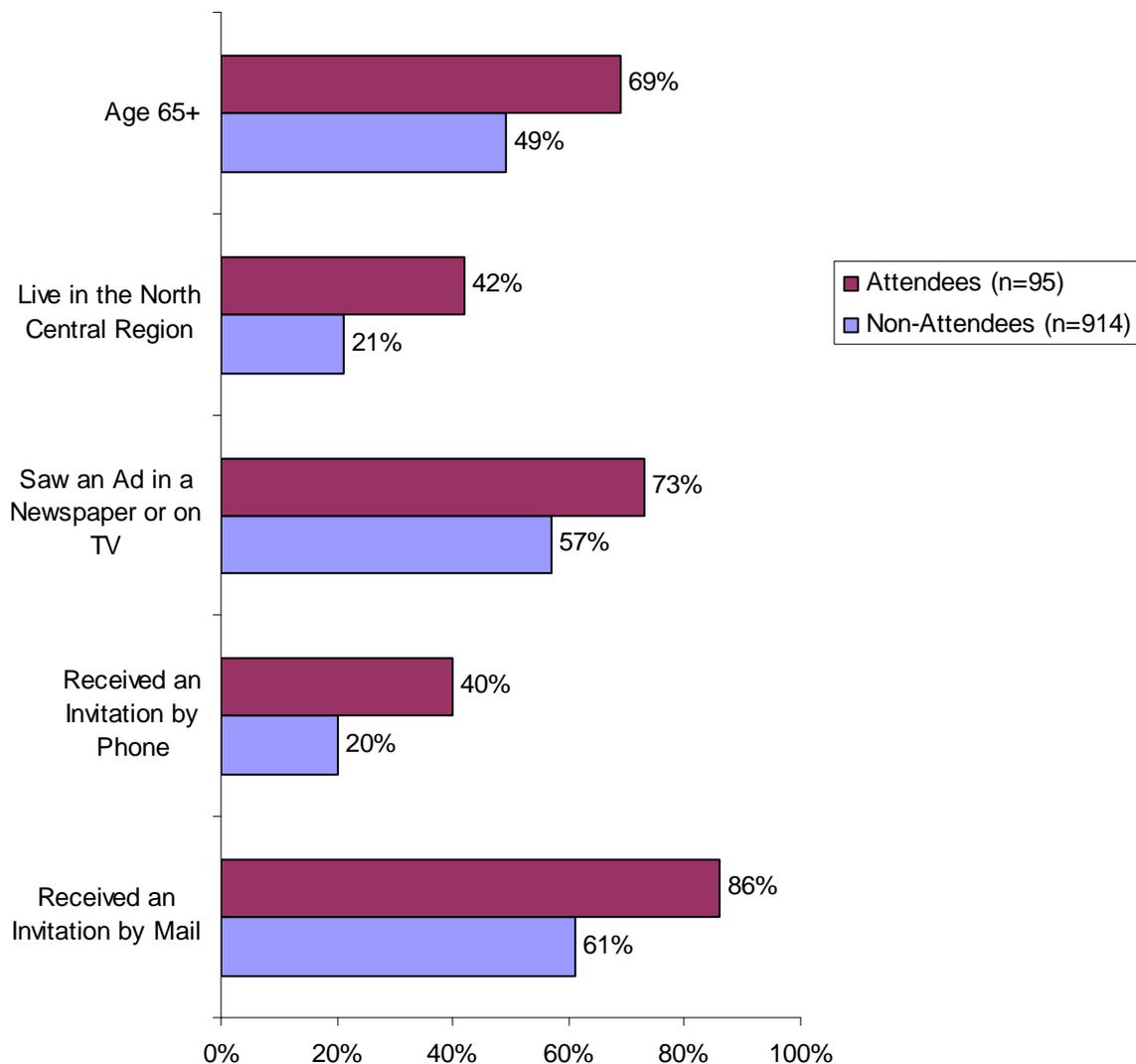
¹⁵ Northeast Region (Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, Vermont); North Central Region (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin); South Region (Alabama, Arkansas, Delaware, District of Columbia, Georgia, Florida, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia); West Region (Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Washington, Utah, Wyoming).

B. Free Financial Seminar Attendees

Respondents were asked if they attended a free financial seminar within the past three years. Almost one out of ten (9%) reported that they attended a free financial seminar within the past three years. This translates into 5.9 million adults ages 55 and over across the entire U.S. population. Respondents ages 65 and over (13%) were twice as likely as respondents ages 55-64 (6%) to report that they had attended a free financial seminar.

Attendees are more likely than non-attendees to be ages 65 and over (69%) and live in the North Central region (42%). Attendees (86%) are also more likely than non-attendees (61%) to say that they received an invitation by mail.

Key Differences Between Free Financial Seminar Attendees* and Non-Attendees



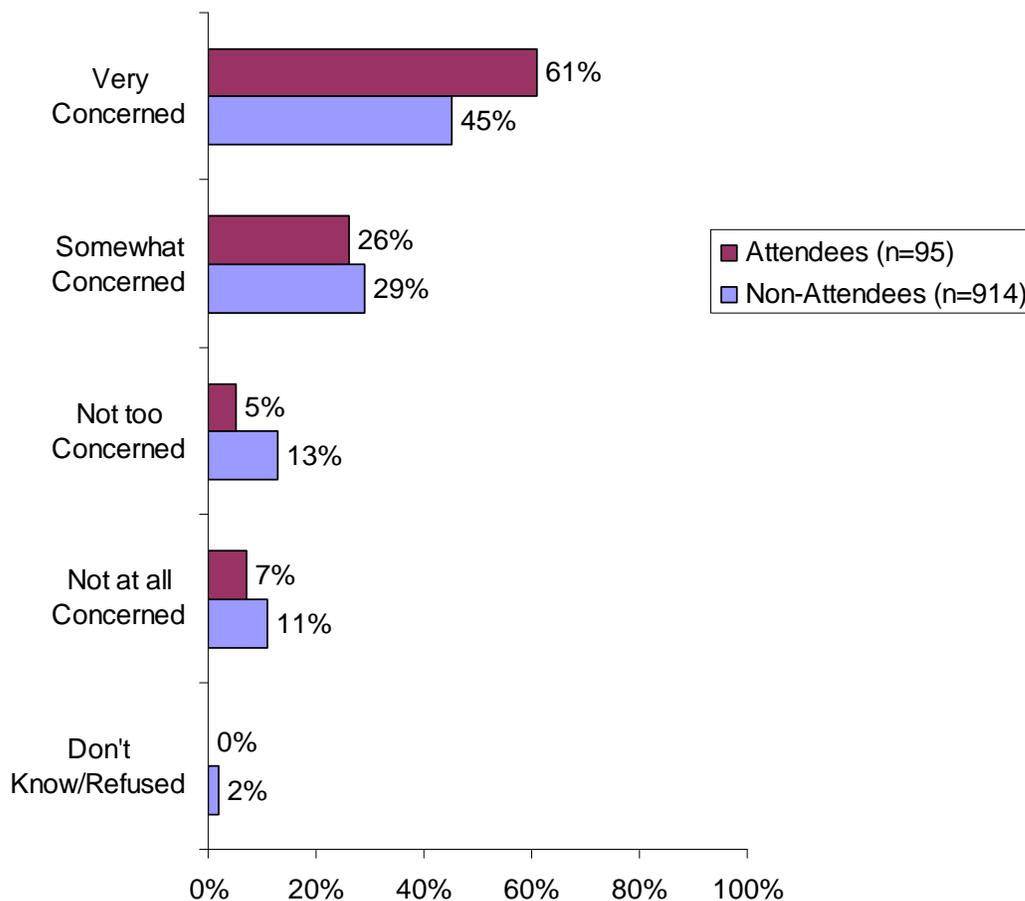
*Attendees are significantly more likely than non-attendees to meet this profile.

C. Free Financial Seminar Expectations and Concerns

Of those who attended a seminar, over three-quarters (78%) expected that the free financial seminar would focus mainly on opportunities to learn more about financial issues. Only about one-fifth (21%) expected that the free financial seminar would center on opportunities to purchase financial products.

Approximately three-quarters of all respondents (76%), including those who have not attended a seminar, are *very concerned* or *somewhat concerned* about the possibility that financial scams could affect them or someone they know. Interestingly, respondents living in the Northeast (52%), South (49%), and West (49%) are more likely than respondents living in the North Central region (37%) to report that they are *very concerned* about the possibility that financial scams could affect them or someone they know. College graduates (34%) are less likely to be *very concerned* than those without a college degree (51%). Respondents who said they attended a free financial seminar (61%) were more likely than non-attendees (45%) to report that they are *very concerned* about financial scams. Almost a quarter of non-attendees (24%) said that they were *not too concerned* (13%) or *not at all concerned* (11%) about financial scams.

**Level of Concern About Financial Scams
(Comparison Between Attendees and Non-Attendees)**

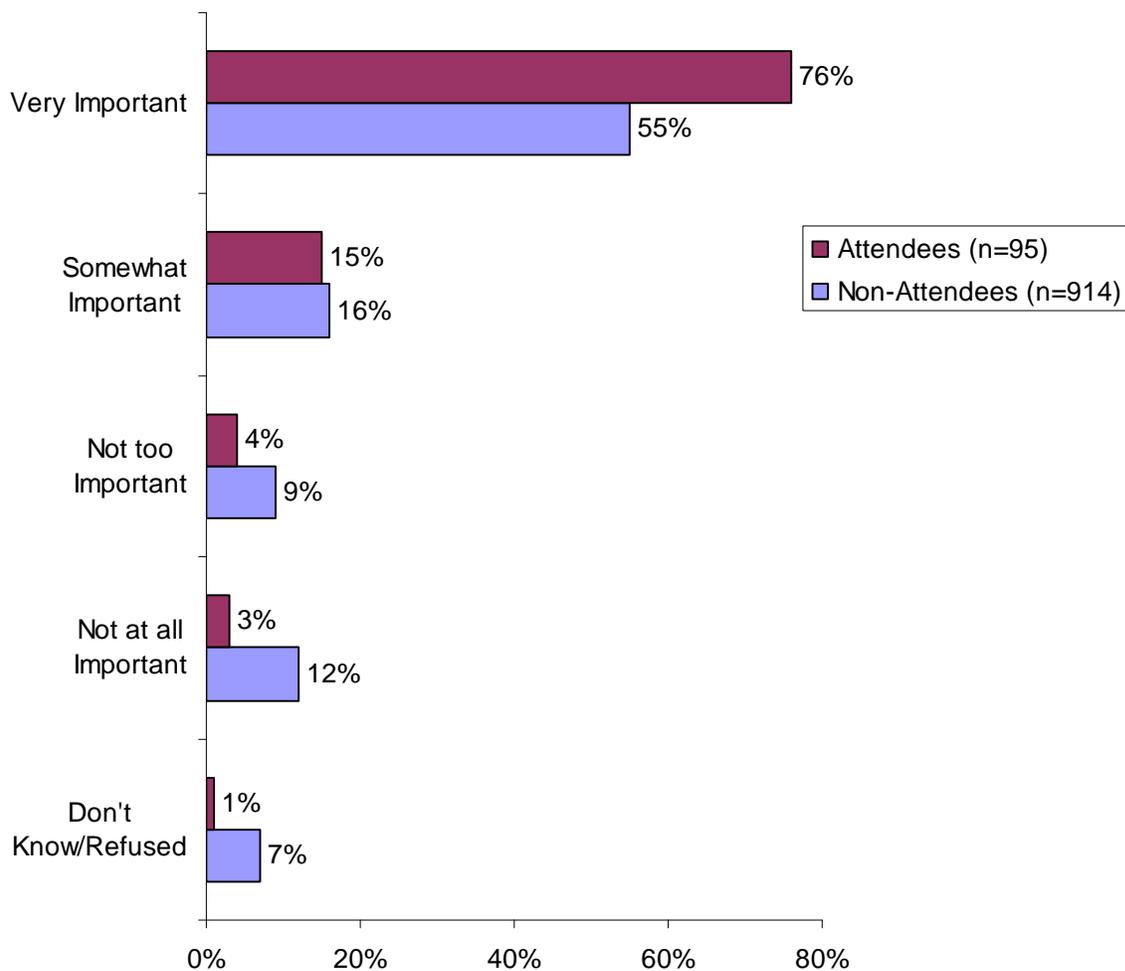


* Percentages may not add up to 100 due to rounding.

D. Qualifications of Free Financial Seminar Presenters

All respondents were asked how important it is that presenters at free financial seminars provide information to seminar attendees that explain their qualifications to speak about financial issues, including their professional certifications and other relevant education. Over half of all respondents (57%) thought this was *very important*. Approximately three-quarters of attendees (76%) said that they felt it was *very important* for presenters to share their qualifications. Interestingly, non-attendees (21%) were more than twice as likely as attendees (7%) to report that it is *not too important* or *not at all important* for presenters at free financial seminars to explain their qualifications.

Perceived Importance of Financial Seminar Presenters Providing Their Qualifications (Comparison Between Attendees and Non-Attendees)



Respondents with incomes greater than \$50K (73%) are more likely than respondents with incomes less than \$25K (51%) to believe that it is *very important* for presenters to provide information about their qualifications. Respondents ages 55 to 64 (67%) are also more likely than respondents ages 65 and over (48%) to report that it is *very important* for presenters to provide qualifications.

E. Contact with Free Financial Seminar Presenters

Among respondents who reported that they attended a free financial seminar, almost two out of five (39%) said that the seminar presenter tried to sell them something. Three out of five respondents (60%) said that the presenter did not try to sell them anything.

Half of seminar attendees (50%) said the presenter asked them for personal information, such as their contact information or information about their finances. In addition, over two out of five attendees (46%) stated that the seminar presenter attempted to make a follow-up appointment at their home.

V. CONCLUSIONS

The results of the Free Financial Seminar Survey coupled with the observations from the Free Lunch Monitor volunteer checklists suggest a need for more education and continued monitoring of these free lunch seminars. Individuals should be able to make informed decisions about whether to attend a free financial seminar or not. In addition, seminar attendees should be provided with resources to feel more knowledgeable and confident when attending a free lunch seminar.

Educational efforts targeting consumers ages 65 and over may be most important as they are more likely than consumers ages 55 to 64 to attend seminars, and to feel that it is not important for seminar presenters to share their qualifications. Efforts targeting the North Central region may also be especially warranted given the higher likelihood of consumers in this region to attend seminars.

The survey results clearly show that respondents feel it is important for free lunch seminar presenters to be transparent about their qualifications or so-called “senior designations.” Many states have passed legislation to require financial advisors to advertise only accredited credentials, or credentials that clearly demonstrate meaningful expertise when offering financial advice to older clients. This trend should continue to be supported by regulators, legislators, and advocates in order to thwart the growing concern that some advisors are using “senior designations” to falsely market themselves and gain the confidence of seniors to sell them unsuitable or fraudulent investment products.

Appendix A

Annotated Questionnaire (n=1,012)

Free Financial Seminar Survey

--% 0%
 ** Less than 0.5%

The study was conducted for AARP via telephone by ICR, an independent research company. Interviews were conducted from August 19 – September 3, 2009 among a nationally representative sample of 1012 respondents age 55+ who are financial decision makers for their household. The margin of error for total respondents is +/-3.08% at the 95% confidence level. More information about ICR can be obtained by visiting www.icrsurvey.com

FS-1 How much **responsibility** do you have for the financial decisions of your household?

	All of the responsibility	Most of the responsibility	Share responsibility	Some of the responsibility	None of the responsibility	Don't know	Ref
9/3/09	44	14	42	--	--	--	--

FS-2 Free financial seminars are sometimes advertised through the mail or other methods such as newspaper, phone, TV, or email. Often, these free financial seminars include a free meal, such as lunch or dinner, in addition to the chance to hear a speaker talk about investment strategies or money management advice.

Within the past 3 years, have you (INSERT ITEM)?

	Yes	No	Don't know	Refused
a. Received and invitation in the mail inviting you to attend a free financial seminar like this	63	33	4	*
b. Received and e-mail invitation inviting you to a free financial seminar like this	18	79	3	*
c. Received a phone call inviting you to a free financial seminar like this	22	73	5	*
d. Seen an advertisement in the newspaper or on TV for a free financial seminar like this	58	40	2	*

(Asked of total financial decision makers age 55+ who have received a mail or e-mail invitation to attend a free financial seminar; n = 676)

FS-3 Within the past 3 years, about how many invitations have you received for a free financial seminar?

	1-2	3-4	5-6	7-15	16-30	31+	Don't know	Refused
9/3/09	13	22	22	20	8	7	8	*

FS-2/3. Combo Table

	9/3/09
Received mail/e-mail invitation to attend free financial seminar	64
1-2	8
3-4	14
5-6	14
7-15	13
16-30	5
31+	4
Did not receive mail/e-mail invitation to attend free financial seminar	36

FS-4 Have you **attended** a free financial seminar like this in the last 3 years?

	Yes	No	Don't know	Refused
9/3/09	9	90	*	*

(Asked of total financial decision makers age 55+ who have attended a free financial seminar in the last 3 years; n = 101)

FS-5 Before you attended the free financial seminar, did you expect that the seminar would be ...?

	Mainly an opportunity to learn more about financial issues	Mainly an opportunity to buy financial products	Don't know	Refused
9/3/09	78	21	1	--

FS-4/5. Combo Table

	ATTENDED FREE FINANCIAL SEMINAR			Did not attend free financial seminar	Don't know	Refused
	NET	Mainly an opportunity to learn more about financial issues	Mainly an opportunity to buy financial products			
9/3/09	9	7	2	90	*	*

(Asked of total financial decision makers age 55+ who have attended a free financial seminar in the last 3 years; n = 101)

FS-6 Did the presenter at the seminar ask you for personal information, such as your contact information or information about your finances?

	Yes	No	Don't know	Refused
9/3/09	50	49	1	--

FS-4/6. Combo Table

	ATTENDED FREE FINANCIAL SEMINAR			Did not attend free financial seminar	Don't know	Refused
	NET	Presenter asked for personal information	Presenter did not ask for personal information			
9/3/09	9	5	5	90	*	*

(Asked of total financial decision makers age 55+ who have attended a free financial seminar in the last 3 years; n = 101)

FS-7 Did the seminar presenter attempt to make a follow up appointment at your home?

	Yes	No	Don't know	Refused
9/3/09	46	53	1	*

FS-4/7. Combo Table

	ATTENDED FREE FINANCIAL SEMINAR			Did not attend free financial seminar	Don't know	Refused
	NET	Presenter attempted to make a follow-up appointment	Presenter did not attempt to make a follow-up appointment			
9/3/09	9	4	5	90	*	*

(Asked of total financial decision makers age 55+ who have attended a free financial seminar in the last 3 years; n = 101)

FS-8 Either during the seminar or after the seminar, did the seminar presenter try to sell you something?

	Yes	No	Don't know	Refused
9/3/09	39	60	*	--

FS-4/8. Combo Table

	ATTENDED FREE FINANCIAL SEMINAR			Did not attend free financial seminar	Don't know	Refused
	NET	Presenter tried to sell something	Presenter did not try to sell something			
9/3/09	9	4	6	90	*	*

FS-9 In your opinion, how important is it that presenters at free financial seminars provide information to seminar attendees that explains their **qualifications to speak about financial issues**, including their professional certifications and other relevant education?

	IMPORTANT			NOT IMPORTANT			Don't know	Refused
	NET	Very	Somewhat	NET	Not too	Not at all		
9/3/09	72	57	15	20	8	11	6	1

FS-10 In general, how concerned are you about the possibility that financial scams could affect you or someone you know?

	CONCERNED			NOT CONCERNED			Don't know	Refused
	NET	Very	Somewhat	NET	Not too	Not at all		
9/3/09	76	47	29	23	13	10	1	1

(Asked of total financial decision makers age 55+ who have attended a free financial seminar in the last 3 years; n = 101)

FS-11 This survey is being conducted for AARP. Would you be willing to speak with AARP and/or a reporter to discuss in more detail some of the things we have been asking you about today?

	Yes	No	Don't know	Refused
9/3/09	29	71	--	--

AM-1 Are you or your spouse or partner currently a member of AARP?

	Yes	No	Don't know	Refused
9/3/09	48	51	1	*

Appendix B

What to Listen For at Free Lunch Investment Seminars

How did you find out about the session?

Newspaper

Mailed Invitation

Other _____

Where was event held? (city and state) _____

Who was listed as the event sponsor/host? _____

What topics were discussed during the presentation? _____

Who was the speaker(s)? _____

Did the speaker use a title that suggested he/she was specially qualified to advise older investors? Yes No

What credentials or licenses did the speaker(s) say he/she had? _____

Provide the name of any broker or financial adviser recommended or associated with the presentation. _____

Provide the name of any company whose investment products were recommended or associated with the presentation. _____

Did the speaker say or suggest in any way that AARP, Securities and Exchange Commission (SEC), North American Securities Administrators Association (NASAA) or a state regulator was involved, endorsed the session or the product, sponsored the event, or provided your name for the invitation list? Yes No

Did you feel pressured to make an immediate decision? Yes No

Was a home visit or appointment mentioned as a follow-up to the event? Yes No

Have you been contacted as a result of the seminar, even if you did not ask to be? Yes No

Were you asked to provide information about your finances or investment holdings, such as stocks, bonds or mutual funds? Yes No

For any mentioned investment product:

What rate of return was promised? _____

Was the investment represented as being qualified for 401k or IRA rollover?

Yes No

Were any of these investment opportunities mentioned?		
Real estate	Yes	No
Oil or gas	Yes	No
Start up companies	Yes	No
Promissory notes	Yes	No
Other _____		

For any of the mentioned investment opportunities, did the speaker balance both the advantages and disadvantages for the product? Yes No

Did the speaker talk about annuities?		
Variable annuities?	Yes	No
Deferred annuities?	Yes	No
Equity-indexed annuities?	Yes	No
Immediate annuities?	Yes	No

Did the speaker discuss the risks associated with these products? Yes No

Did the speaker disclose the surrender charges and tax penalties if the annuity is cancelled early? Yes No

Where you encouraged to purchase an annuity? Yes No

What other products were mentioned?		
Living Trusts	Yes	No
Prescription drug/medical discount programs	Yes	No
Life Insurance	Yes	No
Reverse Mortgages	Yes	No
Long Term Care Insurance	Yes	No
Other _____		

For any of the mentioned products, did the speaker balance both the advantages and disadvantages for the product? Yes No

Were any of these phrases emphasized?		
You have to decide today	Yes	No
Only a few opportunities left	Yes	No
High rate of return	Yes	No
Low risk	Yes	No
Many others are making a lot of money	Yes	No

Name: _____

Address: _____

Email address: _____

Additional comments:

Appendix C

Free Lunch Investment Seminar Checklist

Findings from Checklists Collected November 2008 through August 13, 2009

(n=180)

(Totals may exceed 100% due to rounding)

Data from the Free Lunch Monitor checklists were collected from November 2008 through August 13, 2009 from volunteers who attended the seminars. The data below are an annotated compilation of the findings. A few of the findings from the checklists are highlighted below, which are similar to some of the findings found in the national telephone survey.

- A majority of Free Lunch Monitor volunteers (82%) found out about a free financial seminar by mail.
- Among the volunteers who reported that the presenter talked about at least one of four types of annuities:
 - Almost two out of five volunteers (39%) reported that they were encouraged to purchase an annuity.
 - Almost half of volunteers (48%) said that the speaker did not discuss the risks associated with the annuity.
 - Slightly over two-thirds of volunteers (67%) said that the speaker did not disclose the surrender charges and tax penalties that would apply if the annuities were cancelled early.
- Phrases that were emphasized during some of the presentations included “low risk” (43%), “high rate of return” (26%), and “people are making a lot of money from similar investments” (26%).
- Over half of volunteers (54%) reported that they were promised returns of 7% or more.
- Most of the completed checklists came from Florida (31%), Arizona (7%), and Texas (6%).
- A quarter of volunteers (25%) who submitted a checklist did report that they were contacted as a result of the free financial seminar.

How did you find out about the session?

7%	Newspaper
82%	Mailed invitation
9%	Other
1%	No answer

Where was the event held?

The six states from which the most checklists were received.

31%	Florida
7%	Arizona
6%	Texas
5%	California
5%	Washington
5%	Virginia

What topics were discussed during the presentation?

- 34% General financial planning
- 27% Annuities, insurance
- 12% Combinations of answers and other answers*
- 10% Wills, Trusts, etc.
- 8% Long-term care
- 6% Stock market
- 3% Reverse mortgages
- 8% No answer

*Future summary documents will allow for multiple answers to reduce this category. Currently, this category contains combinations of annuities, long term care, insurance, and taxes as well as "other" answers (i.e., recession and investing, risk aversions, REIT, estate planning, or equity index funds).

Did the speaker use a title that suggested he or she was particularly qualified to advise older investors?

- 57% Yes
- 41% No
- 2% No answer

What credentials or licenses did the speaker(s) say he or she had? (In the open-ended questions, volunteers were allowed to write-in their responses in any format they chose. Due to the wide variety of responses, we were not able to list them here.)

Did the speaker say or suggest in any way that AARP, SEC, NASAA or a state regulator was involved, had endorsed the session or the product, had sponsored the event, or had provided your name for the invitation list?

- 4% Yes
- 96% No

Did you feel pressured to make an immediate decision?

- 7% Yes
- 92% No
- 1% No answer

Was a home visit or appointment mentioned as a follow-up to the event?

- 83% Yes
- 16% No
- 1% No answer

Have you been contacted as a result of the seminar, even if you did not ask to be?

- 25% Yes
- 63% No
- 12% No answer

Were you asked to provide information about your finances or investment holdings, such as stocks, bonds or mutual funds?

- 25% Yes
- 74% No
- 1% No answer

For any mentioned investment product, what rate of return was promised? (Base: Respondents who provided a figure, range of figures, or indicated no rate was promised. n=96)

41%	No rate promised
5%	Promised 1% - 6%
29%	Promised 7% - 8%
17%	Promised 9% - 15%
8%	Promised 16% - 25%

For any mentioned investment product, was the investment represented as being qualified for a 401(k) or IRA rollover?

39%	Yes
41%	No
21%	Don't know/No answer

Were any of these investment opportunities mentioned?

14%	Real estate
6%	Oil or gas
1%	Start-up companies
1%	Promissory notes

Did the speaker balance both the advantages and disadvantages for the product?

(Base: At least one of the following investment opportunities was mentioned: real estate, oil or gas, start-up companies, and/or promissory notes. n=27)

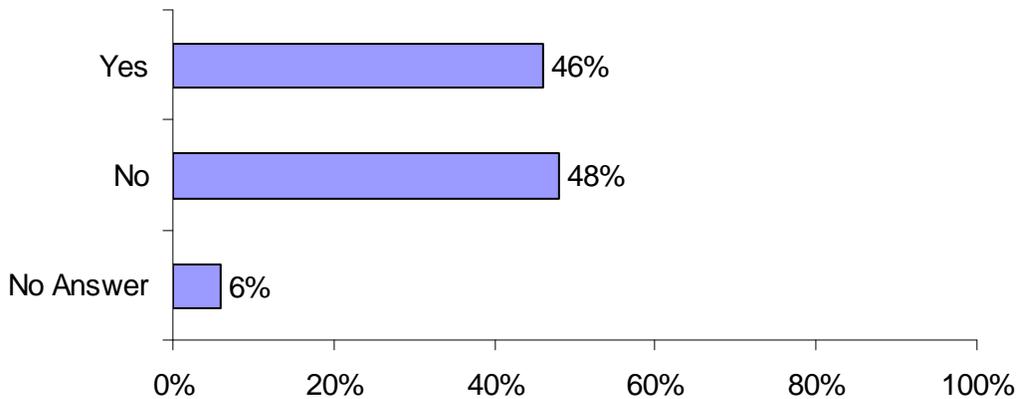
Yes (8 respondents)
No (16 respondents)
No answer (3 respondents)

Did the speaker talk about any of the following annuities?

63%	Variable annuities
45%	Deferred annuities
53%	Equity-indexed annuities
36%	Immediate annuities

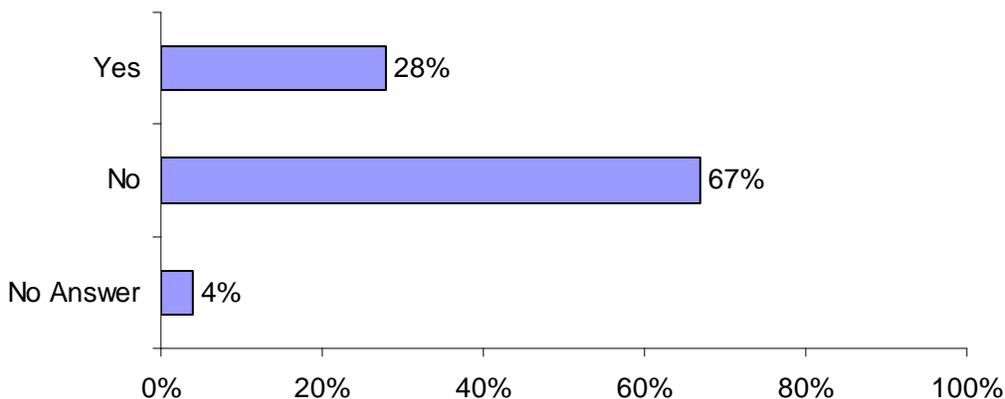
Did the speaker discuss the risks associated with these products? (Base: At least one of the following types of annuities were discussed: variable, deferred, equity-indexed, and/or immediate. n=135)

Percentage of Speakers Who Discussed the Risks Associated with Annuities (Based on Results from the Free Lunch Monitor Volunteer Checklists, n=135)



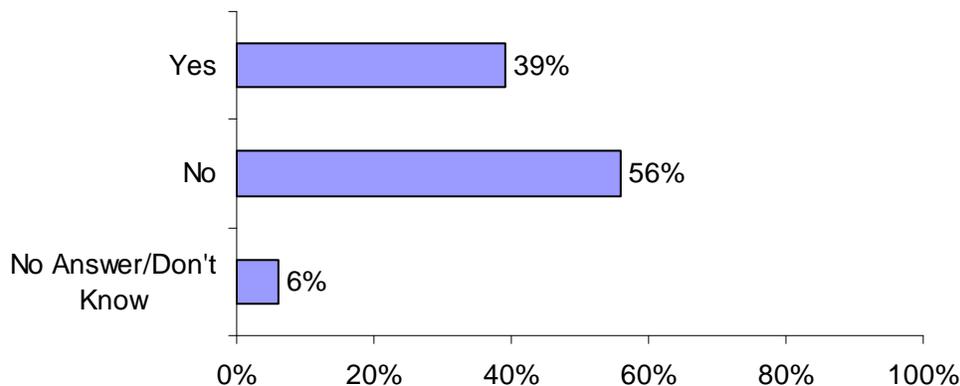
Did the speaker disclose the surrender charges and tax penalties if the annuities were cancelled early? (Base: At least one of the following types of annuities were discussed: variable, deferred, equity-indexed, and/or immediate. n=135)

Percentage of Speakers Who Disclose the Surrender Charges and Tax Penalties if the Annuities were Cancelled Early (Based on Results from the Free Lunch Monitor Volunteer Checklists, n=135)



Were you encouraged to purchase an annuity? (Base: At least one of the following types of annuities were discussed: variable, deferred, equity-indexed, and/or immediate. n=135)

Percentage of Volunteers Who Reported that They Were Encouraged to Purchase an Annuity (Based on Results from the Free Lunch Monitor Volunteer Checklists, n=135)



What other products were mentioned at the presentation or in the marketing materials?

- 49% Living trusts
- 7% Prescription drug or medical-discount programs
- 41% Life insurance
- 24% Reverse mortgages
- 48% Long term care insurance

Did the speaker balance both the advantages and disadvantages for the product?

(Base: At least one of the following products were mentioned: living trusts, prescription drug or medical-discount programs, life insurance, reverse mortgages, and/or long term care insurance. n=130)

- 31% Yes
- 56% No
- 13% No answer

Were any of these phrases emphasized at the presentation or in marketing materials?

- 3% You have to decide today
- 6% Only a few opportunities are left
- 26% There's a high rate of return
- 43% The risk is low
- 26% People are making a lot of money from similar investments

Appendix D

Free Financial Seminar Sample Invitations

The free financial seminar invitations are samples which were mailed in by AARP's Free Lunch Monitor Program volunteers. The sample invitations are included to show some of the types of invitations that are being sent out across the country. All identifying information has been edited out.

Many of the "free lunch" seminar invitations contain misleading claims.¹⁶ The invitations often include terms such as "nothing will be sold" or "leave the checkbook at home", which leads individuals to believe it's an educational seminar. An SEC, FINRA and NASAA examination of "free lunch" investment seminars conducted in 2007 found "100% of the seminars were sales presentations."¹⁷

¹⁶ Office of Compliance Inspections and Examinations, Securities and Exchange Commission, North American Securities Administrators Association, and Financial Industry Regulatory Authority (2007). Protecting Senior Investors: Report of Examinations of Securities Firms Providing "Free Lunch" Sales Seminars.

¹⁷ U.S. Securities and Exchange Commission (2007). "'Free Lunch' Investment Seminar Examinations Uncover Widespread Problems, Perils for Older Investors." <http://www.sec.gov/news/press/2007/2007-179.htm>

Join us for an entertaining and educational dinner seminar...

“PROTECTING YOUR PROFITS”

Our fast paced seminar is designed to teach you strategies including how to earn up to a guaranteed 15% over the next 12 months. \$100 billion has already benefited from this powerful strategy nationwide. In just 60 minutes you'll learn it all. There are no strings attached and nothing will be sold. You'll learn:

- How to generate returns linked to the market without risk to principal or worrying about market timing, buying or selling. Capture your gains automatically.
- How to earn up to 8% per year in a guaranteed income account.
- How to never run out of money no matter how long you live.
- How to take a modest IRA and stretch it into millions for the benefit of you, your children and your grandchildren.

This seminar is presented by [REDACTED] a local financial services firm.
[REDACTED] and is a prominent national speaker.

Call Now, Seating is Limited!

1-800-[REDACTED]

www.[REDACTED]

Dinner is on us!

*Are you certain about your financial
longevity?*

Learn Strategies to Protect Your Financial Future:

- Avoid volatile markets and low interest rates:
lock in a 14% gain this year guaranteed!
- Capture earnings linked to major stock and bond indexes – with **NO loss of your gains or your principal** due to market declines!
- Stop paying unnecessary taxes...**and grow your assets by up to 40%!**
- Long Term Care Benefits you need to know about.
- Is the **IRS the largest beneficiary** of your IRA?
Learn how to avoid this tragic mistake!
- Lifetime income account accumulates **at up to 8% Guaranteed Interest!**
- Learn how to create **tax advantaged or tax free income!**

**Thursday, September 11th at 3:45 PM or
Tuesday, September 16th at 3:45 PM**

FREE Retirement Planning Workbook is provided

Hosted by

We guarantee it will be time well spent.

Please RSVP to 1 (800)

Seating is by reservation only! Call now, seating is limited!

Enjoy a Highly Informative Evening
FREE DELICIOUS DINNER on Us!

[REDACTED]
Tues. September 23rd, Thurs. 25th, or Tues. 30th at 5:00 PM

Don't Wait RSVP today @ (800)
Seating is Limited (Please Arrive 15 min Early)

"Wall Street's Newest Asset Class"

- NOW available to individuals - Previously available only to Large Institutions
- GREAT Track Record: DOUBLE DIGIT returns per year for past 16 years!*
- SAFETY: Independent bonded custodian holds all investment funds.
- NO VOLATILITY & NO MARKET RISK
- NOT tied to any stock, bond, or Interest Rate Cycle
- NOT affected by acts of terror
- Billions already invested by major players like - Warren Buffet , AIG, Merrill Lynch and many more major institutions
- NO FEES or commissions - 100% of your money goes to work for you.

Great Returns • Safety • Major Risk Factors Removed
Wealth Preservation • Cash Generation • Wealth Building

Learn about "A HIDDEN ASSET most seniors don't know exists" that can put immediate cash in your pocket, as well as solve a wide variety of financial problems currently facing seniors.

Learn a strategy that can save you many sleepless nights. This exclusive evening will be presented by [REDACTED] and [REDACTED]. You will enjoy an Eye-opening and very informative evening. You can rest assured you have never heard of a Strategy like this before. Thousands of people have already benefited from this powerful strategy and Billions of \$'s in new wealth has been created.

*Past Performance does not guarantee future results. ROI based on over 2,000 matured and over 50,000 transactions in excess of \$150 million

[REDACTED]
A \$15 Billion Industry growing to
\$160 Billion in the next few years!!!

Asset Growth & Protection Strategies for Seniors

This is one event you don't want to miss!!!



You're Invited!



You have been selected for breakfast
for yourself and two other couples.

Learn:

- ▶ Assets **exempt** from nursing home seizure and how to protect others.
- ▶ **How not to pay tax** on Social Security Income, legally.
- ▶ **Probate traps** and how to avoid them.
- ▶ Learn how to qualify for a 13-14% Net First Year Yield
- ▶ Protect IRA's, 401Ks, or other retirement accounts from the IRS, **avoiding the biggest tax you will ever pay.**

The breakfast is completely FREE,
leave your wallet and credit cards at home!

Presented by [REDACTED]

SEATING IS LIMITED.

RSVP 1-800-[REDACTED]

The first 72 people to CALL receive FREE breakfast
for themselves and up to two other couples at

[REDACTED]
Saturday, October 18th

Complimentary Breakfast 8:30am / Seminar to Follow

1-800-[REDACTED]

Make Your Reservation Today

From the Annuity Experts
“ANNUITIES FOR A GREAT RETIREMENT”

to be presented at:

Thursday, April 2nd at 3:00 PM

Have you been brainwashed into thinking the stock market and mutual funds are the only way to survive retirement? They were and are wrong! It's a fact – the securities industry has brainwashed a generation of Americans into thinking equities are the only way to a secure retirement.

LEARN HOW ANNUITIES CAN:

- Preserve Your Money
- Guarantee Your Principal
- Guarantee Interest Earnings
- Guarantee Lifetime Income!
- There are Annuities that don't tie your money up
- Leave Money to Heirs
- Which Annuity is right for you?
- Annuities can make retirement worry free

Retirement is about savings and preserving – not investing!

This meeting is absolutely free, includes a free famous [REDACTED] dinner, is informational only and runs a lightning quick 76 minutes. You will receive no sales presentation making this meeting unlike anything you've ever seen before. Virtually everyone attending this meeting learns never before heard of, money saving and making strategies with no sales presentation or pressure.

Don't wait to RSVP to: (800) [REDACTED]

We fill up quickly. CALL NOW!



AARP Knowledge Management
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