

# Protecting Yourself and Your Family from Financial Elder Abuse




## The Elderly Demographic is Growing

As the baby boomer generation enters their retirement years, the senior population in America is growing. **Over 10,000 of the 78 million baby boomers turn 65 daily**, and people over 60 years old hold the majority of the over 37 trillion dollars in retirement plan assets. Over **13 trillion dollars of these assets are invested in Individual Retirement Accounts**.

The financial abuse of seniors can be disastrous for individuals who have spent their lives investing for their retirement years. The cost is also an economic concern. Researchers estimate that the cost of senior financial abuse in America **ranges from 2.9 billion to 30 billion** each year.

Seniors are often active investors, and during their retirement years many of them are working hard to grow their portfolios for the future. Because many seniors are seeking new opportunities beyond investing in securities, they risk being exposed to advisors who offer bad advice or engage in unscrupulous investment schemes.

This resource provides an overview of financial elder abuse, identifies potential perpetrators, and provides information and resources for identifying and taking steps to protect yourself and your family.



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## Financial Elder Abuse

Elder abuse is “a single, or repeated act, or lack of appropriate action, occurring within any relationship where there is an expectation of trust, which causes harm or distress to an older person.” (Department of Justice)

While we often think of abuse as physical, elder abuse can also include neglect and abandonment, as well as emotional and financial abuse. One of the challenges of addressing elder abuse is that the definitions of who is an elder and what constitutes abuse vary from state to state. In 2017, the Elder Abuse Prevention and Prosecution Act was signed into law in order to provide a more appropriate and consistent response in the cases of elder abuse.

Financial abuse can take many forms. Stealing financial information is one way that people are financially abusive. Scammers can steal identity in many ways including asking for your information over the phone or email or even stealing financial documents. Financial neglect and exploitation, while not expressly stealing, are also financial abuse. When an elderly person's bills and expenses are ignored or mismanaged, the elderly person is financially exposed, and this situation may open them up to manipulation.

Elderly persons dealing with cognitive issues are obviously at an even greater risk of financial abuse due to the likelihood that they may sign a document or engage in a financial transaction without their full consent or under duress.



## Potential Perpetrators of Financial Elder Abuse

One challenge of dealing with elder abuse is the likelihood that the abuser is in a close relationship with the victim. This is especially true for cases of financial abuse. According to the Social Security Administration and the National Adult Protective Services Association, **over 90% of reported elder abuse by protective services are family members**. When elderly people require assistance with financial resources, it can be difficult to determine if transactions have occurred with the elderly person's understanding and consent. Determining if a transaction is exploitative can be a serious challenge.

In cases of familial financial abuse, there is the added complication that some family members may feel entitled to a senior's resources when they are providing care or as an inheritance. The senior may also want to provide for their heirs, and the lines may become blurred.

Trusted advisors, including medical, financial, and legal counsel, are in a unique position to take advantage of an elderly person's financial situation as well. While medical persons are often valuable resources for the elderly, their position allows them to commit health care fraud by overcharging or falsifying claims. And given that financial and legal advisors offer advice and suggestions for how to invest and manage financial resources, it is important to be sure that these advisors have your best interest in mind.

Scammers and fraudsters are also likely to specifically target the elderly for financial abuse. Since **people over 70 years old hold 27% percent of the available wealth in the country**, finding new tactics to exploit this population is on the rise.

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## What to Watch Out For

Whether you are a senior or someone who cares for a senior, being aware and staying on top of financial matters is an important part of staying safe from financial abuse. Noticing unusual changes in a person's accounts is important, especially if you have a new person managing some of your finances. Frequent withdrawals, unexplained transactions, and unusual transfers between accounts are all things to watch out for. If you are caring for someone and notice unpaid bills, suspicious signatures on checks, checks written out as gifts or loans, or large wire transfers, you should investigate further.

When investing during your golden years, you want to be sure to choose investments that will work toward your goals. Some investments and investment advisors, however, prey upon elderly clients they consider to be vulnerable.

Investing should always include doing your due diligence. While investing carries some level of risk, you can take an active role in watching out for potentially fraudulent investments. Be aware of anyone who asks you to grant full power of attorney to a tax or legal professional and improper investment and or tax advice.



Here are some terms and investment language that might indicate an investment is not what it seems to be:

- **"Fully guaranteed return on investment"**
- **The "next hottest investment"**
- **"The investment offering is too complex to explain"**
- **"Many individuals have done this before"**
- **"We can invest your money for you"**

Scammers work to exploit a person's vulnerability. This is not just true for the elderly. Whenever anyone feels helpless or that they are in a unique position to help another person, they are more likely to do what needs to be done to remedy a situation. This reliance on exploiting a person's fears or willingness to help others is the reason that scams are successful.



Protecting yourself requires vigilance, but knowing that financial abuse can happen is the first step. There are many types of scams that are particularly targeted to elderly people. By knowing about the scams that are being used by fraudsters and avoiding these types of scams, you can take steps to keep yourself protected.

Most scams involve someone pretending to be someone else. Here are a few examples of the ways people can pretend to be someone they are not in order to gain your trust and ask for personal information or money:

- A romantic interest online that pretends to be interested in you and then requests money or financial information.
- A person posing as your child or grandchild and needing immediate money.
- A tech support person who requires personal information or money in order to fix a computer problem that you do not have.
- A person posing as a government employee claiming that you are in trouble and you need to give them personal information.
- An investment advisor you do not know who contacts you and offers amazing investment returns.
- Someone calling to let you know you've won the lottery or a fantastic prize and all they need is your personal information or a small fee to secure the prize.
- Someone pretending to call from a charitable organization that needs you to provide an immediate donation.

Keep in mind that if someone seems pushy and they are requiring you to give them personal information or money to solve a problem, you can pause. Ask them for a contact number so that you can call them again later, and hang up. Then seek advice from a person you trust about the interaction.

## Proactive Steps to Keep Your Finances Safe

Being aware that financial abuse can happen is the first step to protecting yourself, but being proactive about your financial matters is essential for ongoing protection. Fortunately there are several steps you can take as you work to protect your finances.



### Safeguard Your Financial Information

- Lock up financial documents and checkbooks where people can't get access to them.
- Shred any unneeded financial documents, receipts, or credit card offers.
- Avoid paying with cash in order to have a paper trail of transactions.
- Check your credit report at least once a year.
- Do not give out personal or financial information over the phone unless you called the person and you trust that they are who they say they are.



### Plan Ahead & Choose The People Around You Carefully

- Before you need assistance, arrange for someone you trust to assist you with your financial matters and to ensure that your financial wishes are followed.
- When hiring help, do background checks and get references.
- Build a relationship with your banker. They are the first people who are likely to see unusual changes in your account.



### Take Your Time

- When signing any document you do not understand, be sure to check with an advisor.
- If you have hesitations about a person or a financial transaction, trust yourself.
- Do not feel rushed into any financial decision. Take your time, and get advice from people you trust.
- You can always say no.



## Educate Yourself

Check out this list of additional resources for more information about elder abuse and how you can take steps to protect yourself and your family.

- [Social Security Administration: Signs of Elder Abuse and Exploitation](#)
- [North American Securities Administration Association \(NASAA\) Senior Resources](#)
- [NASAA's Serve Our Seniors](#)
- [Securities and Exchange Commission Senior Resources](#)
- [Financial Industry Regulatory Association Senior Investor Information](#)
- [American Bankers Association: Protect the Elderly](#)
- [Nursing Home Abuse Center: Elder Financial Abuse](#)
- [Department of Health and Human Services: How Do I Report Elder Abuse?](#)
- [SEC Elder Abuse News About Detection and Prevention](#)