



Saving Your Elderly Parents from Financial Fraud

Talk about precautions with the seniors in your family.

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Elders are financially defrauded in this country on a daily basis.

Only a few of these crimes are made public. In fact, the National Adult Protective Services Association (NAPSA) estimates that only 1 in 44 cases of elder financial abuse are reported. NAPSA also reports that one in nine seniors had been financially “abused, neglected or exploited” within the past year.¹

Friends, family, & caregivers perpetrate much of this financial abuse.

They commit 90% of it, according to NAPSA. Major fraud damage might even result in a decline in an elder’s physical and mental health: victims of elder financial exploitation are four times more likely to go into a nursing home than their peers, and nearly 10% of the victims end up relying on Medicaid.¹

Frauds range from big scams to little schemes.

You may already know about the common ones: the grandparent scam (“Grandpa, I’m in jail in ____ and I need \$___ to make bail”), the utility company scam (one criminal keeps the elder busy in the yard as the other burglarizes their home), the lottery scam (a huge prize awaits, and the elder need only pay a few thousand upfront to take care of associated taxes). Others are subtler: home health aides severely overcharging an elder for their

services; relatives or caregivers using a financial power of attorney to draw down an elder's bank or investment accounts.

Talking about all this may help to prevent it.

Sometimes, a good way to introduce the topic is by referring to what happened to someone else – a story coming up on the news or in the paper, or an article online, or maybe even a friend's experience. Part of this conversation will be about the elder in your life taking you on as a sort of second line of defense, someone to help them watch over things. They may be resistant, at first, but advise them that this is a precaution not necessarily for today, but for a time when they may not be able to make decisions. From there, have a conversation about setting up powers of attorney and other legacy paperwork (will, living will, health care directives) in coordination with legal and financial professionals.²

Make it clear that you are there to back up the elders in your life and look after their wellbeing. Maintain good communication with these professionals – not just the aforementioned legal and financial professionals, but caregivers, health care professionals, and anyone else who works with them on a regular basis. Maintaining these conversations with seniors and the people who work with them, asking questions, and being present can go a long way to deterring financial fraud.²

Have the conversation; have a look at Mom or Dad's financial situation.

It's a good idea to protect your family members from such a growing problem. The Senate Special Committee on Aging says that American elders lose \$2.9 billion in fraud per year. That's spread among 78 million Americans over the age of 65. One in five of that population has some sort of cognitive issue, a number that rises to more than half when narrowed to people 85 and older. Taking steps now might mean curtailing or avoiding bigger problems down the road for the seniors in your life, so it's definitely worth having those conversations today.³

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CITATIONS

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2 - forbes.com/sites/teresaghilarducci/2018/09/13/how-to-protect-yourself-as-much-as-possible-from-financial-abuse [9/13/18]

3 - cnbc.com/2019/02/24/advisors-take-extra-steps-to-protect-elder-clients-from-fraud-or-abuse.html [2/24/19]

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