

ELDER FINANCIAL EXPLOITATION

Financial exploitation has been called “the crime of the 21st century” with one study suggesting that older Americans lose close to \$4. billion dollars per year to financial exploitation. The perpetrators of this exploitation, include persons they know and trust, as well as strangers.

This epidemic is often under the radar. Elder financial exploitation can result in the loss of the ability to live independently. It can also result in a decline in health, broken trust, and fractured families. Awareness is the first step. Reporting and early intervention are vital to preventing loss and recovering loss when possible.

What is elder financial exploitation.

The Older Americans Act defines elder financial exploitation as “the fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including a caregiver or fiduciary, which uses the resources of an older individual for monetary or personal benefit, profit, or gain, or that results in depriving an older individual of rightful access to resources, belongings, or assets. **In short - THE THEFT OF MONEY, PROPERTY OR BELONGINGS.**

Why are older adults at risk of financial exploitation?

Some older adults may:

- Have regular income and accumulated assets.
- Be trusting and polite.
- Be lonely and socially isolated.
- Be vulnerable due to grief from the loss of a spouse, family member, friend, or pet.
- Be reluctant to report exploitation by a family member, caregiver, or someone they depend on.
- Be dependent on support from a family member or caregiver to remain independent.
- Be receiving care from a person with financial or other issues who pressures them for money.
- Fear retaliation by the exploiter.
- Be unfamiliar with managing financial matters
- Not have planned for the potential loss of decision-making capacity.
- Be cognitively impaired with diminished ability to make financial decisions or detect a fraud or scam.
- Be receiving care from a person with substance abuse, gambling, financial problems, or mental health issues.
- Elder financial exploitation crosses all social, educational, and economic boundaries.

COMMON TYPES OF ELDER FINANCIAL EXPLOITATION.

While we cannot cover all types of elder financial exploitation in depth, we will discuss the key points and give you some general guidelines to help you identify fraud, scams, and other types of financial exploitation.

Exploitation by Caregivers and In-Home Helpers

Financial exploitation is often perpetuated by family members and other caregivers.

- Secure your private financial documents including checks, financial statements, credit cards statements, and other valuables. Require receipts for purchases made by helpers.
- Monitor bank accounts and telephone bills. Consider setting up transaction alerts that are monitored by a family member or other third party. Never give caregivers your credit/debit card. Check your free credit reports at annualcreditreport.com.
- Do not let hired caregivers open your mail, pay your bills, or manage your finances. Never lend these individuals money or personal property.

Grandparent Scam

- An example of a common telephone scam is the “grandparent scam.” In this scenario, an imposter calls a grandparent pretending to be a grandchild in trouble. The scammer may even know the grandchild’s name. The scammer is usually crying, making it hard to recognize the grandchild’s voice. The scammer pleads for the grandparent to immediately wire money and not tell any family members for fear of upsetting them.

Romance Scams

One of the key issues as we age is loneliness. A romance scam is when a new love interest enters your life that is not sincere.

- Online romance scammers can connect with people through social media, dating apps, websites, text messages, or email. Romance scams can also happen in person.
- Romance scammers often get information from social media profiles so they can fake similar interests, hobbies, and values. Eventually, the individual will ask for money in a variety of ways.
- In person romance scams could involve older adults who are socially isolated or dependent on others to assist them. The scammer could be a person you meet at places such as your church, community center, or social group. Romance scammers may take time to build trust with you.

Investment Fraud Investment Fraud

- We have all heard the timeless saying “If it sounds too good to be true, it probably is.” As an investor, these are good words to live by. The trick is knowing when “good” becomes “too good.” Take your time when making investment choices. Be careful of “act now” or “before it’s too late” statements. One of the more popular today’s is the “come for a free lunch” seminar.

Affinity fraud:

- A scammer pretends to be a member of a religious organization, military, or an ethnic group to win the trust of a member. Those committing affinity fraud often use symbols, language, and iconography to appear associated with a specific group in their solicitations.

Telephone Scams

- Older adults are increasingly the targets of scam artists on the telephone who use lies, deception, and fear tactics to convince the older adult to send them money or provide personal account information.

IRS Telephone Scam

- According to the Internal Revenue Service (IRS), in this telephone scam, a scammer calls telling the consumer that he or she must immediately pay taxes that are owed. In some cases, the scammers target immigrants.
- The IRS will always send taxpayers a written notification of any tax due via the U.S. mail. The IRS never asks for credit card, debit card or prepaid card information over the telephone.

Lottery and Sweepstakes Scams

- Sweepstakes' scammers call, email, or text consumers congratulations on winning a lottery, drawing, or sweepstakes, which the consumers usually have not even entered.
- The scammer asks the "winner" for an upfront payment to cover processing fees or taxes. They may even send you a "phony" check to cash and send them a portion back for these fees. Their hope here is for you to have enough money in your account to cover this check, until it is returned as fraudulent to your credit union or bank.

Phantom Debt Collection Scam

- Scam debt collectors try to trick their victims into paying a debt that does not exist. These phony debt collectors often contact older adults by phone and refuse to answer questions about themselves and the underlying debt. Phony debt collectors may have some information about the older person that they will use to appear to be legitimate.

Charity Scams

- If you are considering a request for a donation to a charity, do some research before you give. By finding out as much as you can about the charity, you can avoid these scams. Some will thank you for a pledge or a previous donation you do not remember making. This is to get you to continue to contribute to this proposed charity.

Computer/Internet Scams

- Computer / Internet scams create authentic-looking emails, text messages, and/or internet pages to entice their victims into disclosing financial information such as credit card details or bank info.

Scams that Target Homeowners

- Reverse Mortgage to pay for recommended home improvements, purchase annuities, long-term care insurance, high risk investments or other financial products with the proceeds.
- Contractor Fraud. Eventually every home needs repairs or improvements. Many homeowners are targeted by scam artists who use high pressure tactics to sell unneeded and overpriced “home improvements.”

Scams that Target Veterans

- Pension Benefits Filing Scam. The Veterans Benefits Administration provides monthly benefit payments to certain wartime veterans with financial need, and their survivors. Unfortunately, some individuals scam veterans or their surviving spouses by charging fees to prepare a claim.
- Pension Advance Scam - Another scam targets older adults who receive either monthly disability compensation or pension payments. The scammer may offer a cash advance on monthly pension payments. These scams are also called “lump sum buyouts.”

Exploitation by a Fiduciary

- A person who is named to manage your money or property is a fiduciary. He or she must manage your money and property for your benefit. Financial exploitation can occur when a fiduciary abuses that power. The person you appoint as your fiduciary should be trustworthy and honest.

Exploitation by Power of Attorney

- One way some older adults prepare for the possibility of diminished financial decision-making capacity is by making a power of attorney (POA) for finances. A power of attorney gives someone else legal authority to make decisions about money or property. Your agent may spend your money on him or herself rather than for your benefit as they are required to do.