Protecing Elders from Elder Financial Abuse

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A founding partner at an established Winston-Salem law firm told the following story about his father at a recent dinner party:

"One day when my dad was 82 years old, a swindler called him on the phone. I don't know who he was or what his pitch was, but he got my dad to take out $4,000 from his bank account and send the money to him. Of course, my dad never saw that money again, and there was nothing that I could do or Dad's banker could do to get the money back. I know that Dad would not have given that money to a stranger when he was younger."

What happened here was unfortunately not an isolated incident. The law partner's father was a victim of one type of Elder Financial Abuse (EFA) involving a stranger. Elder financial abuse by a perpetrator known to the elder is actually much more common.

The Crime of the 21st Century

The amount of money involved in Elder Financial Abuse is large enough to run a small country - estimated annual losses to U.S. older citizens from EFA runs $2.9 billion annually.

One out of every six adults over age 65 has been a victim of EFA, with women twice as likely as men to be victims. Financial exploitation accounts for up to 50 percent of all forms of elder abuse, and is the third most frequent type of elder abuse following neglect and emotional or psychological abuse.

The elderly are vulnerable to this crime for many reasons. Alzheimer's disease and other dementias that impair judgment increase significantly with age. The National Institutes of Health has determined that increasing age causes physiological changes to the brain that diminish older people's ability to assess the trustworthiness of potential predators.

Perpetrators of EFA include:

- Both strangers and people that the elder knows
- Family, friends, and neighbors
- In-home caregivers
- People acting as agents under powers of attorney or as guardians or conservators
- Business, professional, and financial service providers

Preventing Elder Financial Abuse

The following methods may help guard against elder financial abuse:

- **Get Professional.** Financial predators know that a senior's unkempt financial records can easily hide theft or embezzlement. A part-time professional bookkeeper can be hired for a reasonable cost that will clean up the senior's financial files, place the accounts on accounting software like Quickbooks, monitor the accounts, and periodically distribute financial reports to the senior's trusted advisors for monitoring.
- **Select Trusted Advisors to Monitor Online Bank Accounts.** Providing online bank account monitoring privileges to at least two trusted family members (or a trusted professional such as a professional bookkeeper and a close family member) can help to prevent fraudulent transactions or find them early.
- **Get to Know Your Family Banker.** Elders and their trusted advisors should develop a personal relationship with their banker, and should have the banker watch their accounts. Katrina Love, Vice President and Branch Manager at SunTrust Bank, Winston-Salem, explains: "Each [SunTrust] branch teammate is very alert to the needs of our clients, particularly our seniors. We watch for large withdrawals done in cash, we watch for insufficient funds activity, and we watch who is accompanying our seniors to the branch to take care of their financial matters. We become the eyes and ears for [our clients'] loved ones, and those loved ones count on us to alert them when we have concerns."

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- **Create a Living Trust.** An estate planning attorney can place the majority of the senior's assets into a living trust and ask the senior to appoint trusted co-trustees. The co-trustees' oversight of both the senior's accounts and each other may discourage financial abuse.
- **Select Co-Agents.** In the durable power of attorney document (where the elder pre-selects an "agent" to take care of his business and legal affairs if he becomes incapacitated), an estate planning attorney can encourage appointment of trusted "co-agents" to take care of the elder's finances together. The co-agents' oversight of the elder's accounts and each other may discourage financial abuse.

With appropriate planning and participation, financial crimes against elders may be frequently prevented.

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