

Elder Financial Abuse

Types, Warning Signs, Recognition, Prevention, and Reporting

OVERVIEW OF ELDER FINANCIAL ABUSE

Nationwide, elder abuse is a major public health problem. Elder abuse occurs when a caregiver or someone in a relationship of trust with the elder intentionally causes, creates, or fails to prevent a risk of harm to an adult 60 or older.¹

Elder abuse includes physical, sexual, emotional, and financial abuse as well as neglect and abandonment. The Centers for Disease Control estimates that elder abuse in the United States—including neglect and exploitation—happens to 1 in every 10 people ages 60 and older who live at home.²

However, it is difficult to determine the full degree to which elder abuse occurs, according to the National Institute of Justice. Among the reasons for this are

- few dependable national measures, due in part to lack of uniform reporting systems in the United States;
- unreliable national incidence and prevalence data because states have varying definitions of elder abuse; and
- differing reporting procedures among states.³

Experts believe elder-abuse statistics are underestimated because victims fear revealing or reporting abuse and fraud that have been committed against them.⁴ The US Department of Justice estimates that only 1 in every 23 cases of elder abuse gets reported to adult protective services.⁵

While there are several types of elder abuse, we will focus primarily on financial abuse and exploitation and touch on the other types of abuse as they may pertain to financial abuse.

Elder financial abuse or exploitation is the illegal, unauthorized, or improper use of an older individual's resources by a caregiver or other person in a trusting relationship, for the benefit of someone other than the older person. This might include depriving an older person of rightful access to, information about, or use of personal benefits, resources, belongings, or assets. Examples include forgery, misusing or stealing money or possessions, using coercion or deception to compel the elder to surrender finances or property, or improperly using the position of guardianship or power of attorney.⁶

Unfortunately, the United States has no national standardized reporting instrument that tracks financial exploitation of elders, though there have been several small-population studies of elders. In fact, experts report that elder-abuse knowledge lags behind child-abuse and domestic-violence understanding by as much as 20 years. More research is needed in a coordinated, systematic approach that includes policy makers, researchers, and funders.⁷

In a small-sample population of elderly New Yorkers, one study found that the highest rate of elder abuse occurred for major financial exploitation, with a rate of 41 cases per 1,000 surveyed.⁸

It is estimated that elders who have been abused are at a 300% higher risk of death compared to those who have not been victimized. Although still underreported, elder financial abuse and fraud are self-reported more often than neglect or emotional, physical, and sexual abuse.⁹

FINANCIAL FRAUD IS ONE OF FIVE TYPES OF ELDER ABUSE

Elder financial abuse can affect anyone of any ethnic background, gender, or financial status. Elder financial abuse often is called “the hidden abuse” because people often do not see or recognize that it is happening.¹⁰

In addition to financial fraud and abuse, it is important to know there are four other kinds of mistreatment that can occur among people 60 and older.

Physical abuse:

The intentional use of physical force that results in acute or chronic illness, bodily injury, physical pain, functional impairment, distress, or death.

Sexual abuse:

Forced or unwanted sexual interaction (touching and nontouching acts) of any kind with an older adult.

Emotional abuse:

Verbal or nonverbal behavior that results in the infliction of anguish, mental pain, fear, or distress.

Neglect and abandonment:

Failure by a caregiver or other responsible person to protect an elder from harm, or the failure to meet needs for essential medical care, nutrition, hydration, hygiene, clothing, or basic activities of daily living or shelter that results in a serious risk of compromised health and safety.¹¹

Who Commits Elder Financial Abuse?

The volume and complexity of reports of financial abuse of older adults have risen considerably over the past 10 years. According to the National Adult Protective Services Association (NAPSA)—a nonprofit organization that provides APS programs a forum in which to share information, solve problems, and improve the quality of services for elder abuse—90% of abusers are family members or trusted others, although scams and frauds by strangers also are common.¹²

Financial exploitation often involves people that the elderly person trusts, such as:¹³

- **caretakers • family members • neighbors**
- **friends and acquaintances • attorneys**
- **bank employees • pastors or other church leaders**
- **physicians or nurses**

It is projected that financial abuse and fraud cost older Americans \$36.5 billion per year.¹⁴ Because of their own funds being stolen from them, about 1 in 10 victims of financial abuse will turn to Medicaid for medical care. Additionally, recent studies show that elder financial abuse is not only costly but deadly, according to NAPSA.¹⁵

Risk Factors and Warning Signs for Elder Financial Abuse

There are many influences that contribute to the financial abuse of elders, including:¹⁶

- **low household income**
- **unemployment or retirement**
- **poor health • social isolation**
- **cognitive impairment**

About 5.3 million Americans have some kind of dementia, and close to half of all people older than 85 have Alzheimer’s disease or another type of dementia, which is defined as a chronic or persistent disorder caused by disease or injury to the brain and marked by memory disorders, personality changes, and impaired reasoning.¹⁷ Research shows that those with dementia are at higher risk of elder financial abuse than those without the condition.¹⁸

social isolation is another risk factor. In our mobile, transient society, there are fewer multigenerational families and households, and often, adult children do not have a sense of responsibility for caring for their elderly parents, which means there are fewer people in an older person's life who are aware of potential financial abuse.¹⁹ Interestingly, studies suggest that as we age, dementia and other deterioration in neurocognitive health can negatively affect our anterior insula, which helps us regulate self-awareness, subjective awareness, and our "gut feelings." This could mean that dementia and other neurological disorders such as Parkinson's disease can affect our ability to have a gut feeling about whether someone is trustworthy.²⁰

The red flags that elders may be targets for financial abuse vary, sometimes depending on their living situations. Here are major warning signs to look out for:

- large piles of unpaid bills or not having enough money to cover food or medicine costs
- lots of junk mail or letters from the lottery
- unkempt home, uncut grass, or unrepaired issues in the home

These signs could indicate elders' physical or mental health is deteriorating or that someone in a position of trust or a stranger is taking advantage of them financially, and the elders are left with very limited funds to maintain their lives.

More substantial warning signs might include the following:

- suspicious changes in wills or powers of attorney; for example, an elder suddenly changes his or her will to leave all belongings to a new nurse
- financial activity that the elder could not have completed on his or her own, such as repeated ATM withdrawals from a hospitalized relative's bank account
- significant withdrawals or unusual purchases on a frugal relative's credit card bill

These are more serious red flags and might suggest that a person of trust has moved into an elder's life and learned or stolen important account information.

Reporting Elder Financial Abuse

One of the most important things you can do for an older person whom you suspect is being financially abused or exploited is to report it. If you decide to act, you can remain anonymous. Elders probably will not understand the situation they are in, so they likely will not reach out to anyone for help.²¹

These are ways you can assist an elder whom you believe might be in danger:

- If you suspect the elder is in immediate physical danger, call 911.
- For non-life-threatening emergencies, you can call the Eldercare Locator helpline at (800) 677-1116 or the Victim Connect hotline at (855) 4-VICTIM (484-2846).
- Contact the National Adult Protective Services Association. Its website (napsa-now.org) provides complete information about all types of elder abuse, ways to watch out for elder abuse, what to do if you suspect abuse, and comprehensive information about how to report suspected abuse.

Remember that only about 1 in 23 cases of elder abuse is self-reported. Your willingness to report elder abuse could make a significant difference in an older person's life.

Steps You Can Take To Help Prevent Elder Financial Abuse Of Someone You Love

The best course in dealing with elder financial abuse is to prevent it. There are a variety of ways you might assist elderly people in addressing their financial lives to reduce the chance of their being financially exploited.

Be there:

Be a consistent presence in the lives of your parents or other family members or friends to whom you are very close. Visit often, and pay attention to them and their lives. Watch out for risk factors and warning signs that someone in their lives might be taking advantage of them. Observe them for any physical or behavioral changes, such as weight loss or gain, sudden anger, or a withdrawn demeanor or secrecy about finances.²²

Scrutinize professional caregivers:

These caregivers are in a unique position to commit elder financial abuse and exploitation. There is never a guarantee—even with your own careful investigation—that you will not end up with a predatory caregiver. But you can increase your chances of hiring the right in-home caregiver by going through a licensed agency that conducts a thorough criminal-background check. You are always encouraged to ask questions about the agency's screening process.²³

Have difficult conversations:

Before dementia or other cognitive issues arise, talk to your parents or relatives about their financial wishes, and ensure those wishes are documented. Research from Allianz Life showed that elders who discuss their finances with a relative, friend, or trusted professional are more likely to protect themselves from financial abuse.²⁴

HERE ARE SOME ADDITIONAL WAYS YOU CAN HELP PREVENT ELDER FINANCIAL ABUSE²⁵:

- Become familiar with your loved ones' financial information and current estate plan documents.
- Review financial information and estate planning documents regularly.
- Get to know your family members' medical and financial teams.
- Avoid caregiver burnout by taking care of caregivers. Make sure they have adequate time off and the resources they need to do their job.
- Make unannounced visits.
- Educate your loved ones about current solicitations and scams.
- Establish and maintain open lines of communication.

TIPS FOR ELDERS TO PREVENT ABUSE

Elders who are able can protect themselves. Share these tips with elders in your life so they might become active participants in watching out for themselves.²⁶

1. Simply be aware you are at risk of being exploited by strangers and by those closest to you.
2. Do not become reclusive. Stay involved with family and friends, and remain as active as you can.
3. If you are approached by anyone trying to sell you something, always say no; you should never purchase or give anything to anyone who calls or visits unannounced.
4. Do not buy products or services from a company you are not familiar with, and always ask and wait for printed material about offers or charities.
5. Do not ever feel pressured into making a quick decision about a purchase, donation, or any other transaction, and do not provide any credit card or account information.
6. Shred all receipts on which your credit card number appears.
7. Be cautious with your mail. Do not let mail sit in your mailbox for several days.
8. Check your credit report regularly to look for anything unusual or incorrect.
9. Use direct deposit to ensure checks go straight to your accounts.
10. Never provide credit card, banking, Social Security, Medicare, or other personal information over the phone unless you are the one who initiated the call and you have confirmed to whom you are speaking.

Next Steps

Elder financial abuse is pervasive. Exploitation reports also frequently involve allegations of other types of abuse and neglect, such as physical or emotional abuse. Victims often lose trust in others and a sense of security. They might become depressed or anxious. They often feel fearful, guilty, and angry, as well as ashamed and remorseful. Even worse, they are left financially destitute. They may lose their main residence, become reliant on government “safety net” programs, or no longer be able to afford long-term-care needs.²⁷

Fortunately, there are inroads to developing more accurate and reliable national reporting mechanisms as well as new and ongoing research about risk factors and prevention methods.

We hope you have found this to be a useful and informative resource. Remember, there are many resources available online that provide information about warning signs and how to recognize elder financial abuse, as well as how to report and prevent it. We also want to offer ourselves as a resource to you and your family. We are happy to answer any questions you might have about your current situation or the situation of a loved one or friend. We want to assist you in ensuring your loved ones have the safest and highest quality of life possible and that their financial reserves are protected.

If you have any questions about the information presented in this report or if you'd like to discuss your specific needs, please contact us. We would be delighted to speak with you.

Footnotes, disclosures, and sources:

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¹⁴“What Are the Effects of Elder Abuse?” National Council on Aging. [Accessed June 12, 2017.] <https://www.ncoa.org/public-policy-action/elder-justice/elderabuse-facts/>

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