

How To Protect Your Senior Parents From Financial Risks



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?Hey mom, have you heard about the latest scam??

There are several trends that have led to a rise in senior financial crimes. The most prominent being the usage of credit. Borrowing by older adults continues to trend higher which increases the need for financial vigilance as outlined in a recent paper by the Payment Cards Center of the Federal Reserve Bank of Philadelphia. According to the 2010 study by [Investor Protection Trust Elder Fraud Survey](#), one out over every five citizens over 65 already have been victims of financial and investment scam artists. The plethora of important elder-fraud prevention resources available at www.investorprotection.org, include [brochures](#), important contact numbers and e-mails, and red flags or verbal cues caregivers, advisers, children and other loved ones should not ignore.

Cognitive decline can leave older adults vulnerable to financial deception including payment for services or goods that may not exist. Activities where caregivers or those with power of attorneys are forging signatures, cashing checks and draining investment and savings accounts are no longer rare occurrences. As a matter of fact, the U.S. House of Representatives Select Committee on Aging has reported that elder abuse is as prevalent as child abuse. Financial abuse is the second most common form of elder abuse after physical abuse. Financial professionals and trusted caregivers including children should maintain open communication and look to forge a line of financial defense for elder loved ones. I have developed a sixth sense when it comes to the cognitive changes in aging clients I've advised over two decades. Situations have arisen where I felt it necessary to contact family when suspicious, unexplained transactions were detected or responses to otherwise simple questions were met with difficulty. Consider these 6 proactive steps to help protect or limit aging adults from becoming victims of financial wrongdoings: **Become a delicate, respectful and informative interrogator.** The Philadelphia Fed analysis references a March 2011 AARP Foundation National Fraud Victim Study that estimated that for every 44 cases of senior financial abuse, only one is reported to authorities. This factoid isn't surprising as victims prefer to deny involvement or ashamed to admit cognitive deterioration. In addition, many may not realize they've been victimized unless a third party discovers fraud. Elders are proud. Perhaps in denial. So, it's going to take diplomacy, maybe a little *Columbo-like* unassuming investigation to detect problems. Become acquainted with the popular financial scams that target seniors and check for the latest on a regular basis. My personal go-to source is www.ncoa.org, the National Council on Aging. Click on the "Economic Security" tab to discover the [top 10 financial scams targeting seniors](#). From Medicare/health insurance to the grandparent scam, readers are going to be shocked to realize how simple and clever senior scammers are. Ask questions designed to inform such as: *"Hey, mom did you hear about the fake accident scam? Well, here's how it works?"* Actively listen for a response or lack of it. From personal experience, prolonged silence before acknowledgement or a stilted response stirs curiosity. It's possible that mom is pondering whether that last phone call she received was indeed legitimate. To further the discussion, print the list, highlight the title of each scam, discuss and leave with senior parents at your next visit or mail (not e-mail), the list and set a time to review. Also, the elder investment red-flag brochure available from www.investorprotection.org, is available for download. Print and share this important communication which includes a contact list of multiple resources and elder-abuse agencies. **Work with elders to examine their credit reports at least once a year.** Many seniors no longer feel the need to utilize credit; too bad criminals don't feel the same. Scammers frequently use elders' confidential information such as social security numbers to open new revolving credit lines including credit card accounts. Also, cellphone accounts tend to be a popular choice of scammers. Recently, an elderly client began receiving calls from a collection agency for a delinquent Sprint account opened in 2016. Open accounts can go unnoticed for years unless there's a proactive method in place to check credit reports. It's simple to retrieve and download reports for free at www.annualcreditreport.com. Today's credit reports are easy to interpret, and discrepancies can be reported effortlessly online with all three credit reporting agencies. **Children and trusted caregivers should work with senior family members to establish duplicate statements on investment, saving and checking accounts.** Account owners should allow a trusted family member or caregiver to receive duplicate financial statements. I meet with children who regularly study duplicate documents and catch or question unusual activity. Usually, a financial institution will require a letter signed by account owners to establish instructions. A financial adviser or partner can take on the responsibility of broaching the subject with clients if family is uncomfortable to do so. **Consider a durable financial power of attorney for checking and investment accounts.** A DPOA allows an agent(s) to act on behalf of principals or account owners. Owners are still responsible for their own decisions. However, if incapacitated, principals can immediately rely on agents to handle investment and withdrawal decisions. Obviously, appointed agents must be trustworthy and should have a track record of financial responsibility. Schedule a meeting with an attorney to discuss and draft a DPOA. Mom and dad, it's crucial to place pride aside and discuss

this topic with prospective agents like adult children. Don't be afraid to utilize your financial adviser to jumpstart a conversation, either. **Financial account and identity theft monitoring services make great gifts!** Nothing says you care like establishing financial account and identity theft monitoring services. Most likely elderly loved ones aren't going to take the initiative to sign up for services designed to detect suspicious behavior and notify through smartphone alerts and e-mails. I recommend www.lifelock.com?s Advantage service that includes SSN and credit alerts, bank and credit card activity alerts, dark web monitoring and address change verification for an ongoing monthly fee. EverSafe is specialized protection for seniors and families. The company has developed a personal detection and alert system that examines historical financial behavior, then analyzes daily transactions to identify erratic activity. Their sophisticated software seeks out anomalies such as unusual withdrawals, irregular investment activity and changes to spending patterns. I like their online consolidated family dashboard which aggregates all accounts, institutions and allows access to designated family members. **Educate elders and yourself about phishing, make sure computer equipment isn't ancient and virus protection software is installed properly and updated.** It's common for me to hear of seniors who fall for phishing where scammers create fraudulent e-mails that appear to come from prominent financial institutions including banks and credit card providers. These e-mails are cleverly designed to create a sense of urgency and include links readers are encouraged to open to update or verify information. Once clicked, these links are programmed to capture personal and financial data or infect computers with viruses. During visits, I've witnessed too many senior clients who own home computers that should have been replaced a decade ago. Their equipment is sorely outdated; virus software isn't installed or missing numerous updates which increases chances of security breaches. Grandchildren tend to be excellent at assessing whether nana's computer needs to be retired from service. Thankfully, today a desktop system replacement isn't a senior-budget buster. Elder financial abuse is destined to be an ongoing dilemma given our aging demographics. Loved ones, family members, financial advisers and institutions must galvanize to minimize the devastating impacts.