

Holiday visits can uncover elder financial exploitation

Susan Tompor, Detroit Free Press Personal Finance Columnist 11:21 p.m. EST December 21, 2016

About 37% of active caregivers said the senior they care for has experienced financial abuse. Experts say loved ones must talk often to spot trouble before seniors lose thousands of dollars are lost.



(Photo: Bernarda Sv, Getty Images/iStockphoto)

Financial stress during the holidays isn't limited to overspending on gifts. Too often, stress builds after those extended visits with family where you start wondering just what's happening with Mom and Dad's cash.

As we host holiday dinners or visit more frequently with elderly parents and relatives, sometimes we spot signs that a loved one's financial decision-making has been declining.

Maybe it's constant talk about winning the lottery. Maybe it's a garage full of unopened boxes from QVC. Maybe it's a much smaller checking account balance than you'd expect for retirees who have a fairly good pension.

"You don't have to reach the level of dementia before your financial decision-making is impacted," said Peter A. Lichtenberg, director of the Institute of Gerontology at Wayne State University in Detroit.

Lichtenberg has created a [Financial Decision Screening Scale \(https://olderadultnestegg.com/\)](https://olderadultnestegg.com/) that's being used by professionals who work with seniors to discuss their financial decisions.

Did they buy a new car? Put a new roof on the house? Buy a condo for a daughter to live in nearby?

The survey asks a series of additional questions: Was this your idea or did someone suggest it or accompany you? What was the goal when you made the move with your money?

How much risk to your financial well-being is involved? Who benefits most from the financial decision? You? Your family? A caregiver? A friend?

To what extent did you talk with anyone regarding this decision?

The idea is to start out by having a general conversation about goals and challenges that older consumers are facing. No one wants to be put on the defensive about how they're spending their money. But the general list of questions can help people engage in a conversation and set a baseline.

"There seems to be something about financial decision-making that really is sensitive to early declines," Lichtenberg said.

Related:

Don't fall for the Social Security scam that bilks cash from elderly

[\(http://www.freep.com/story/money/personal-finance/susan-tompor/2016/08/17/dont-fall-pitch-send-cash-save-social-security/88821118/\)](http://www.freep.com/story/money/personal-finance/susan-tompor/2016/08/17/dont-fall-pitch-send-cash-save-social-security/88821118/)

Lichtenberg said cognitive decline and psychological vulnerability make older adults more susceptible to scams and identity theft.

In addition, he said, it's possible that the stress involved after experiencing a scam and identity theft can contribute to declines in cognitive abilities and emotional functioning.

Many times, the senior may not even realize he or she is repeatedly getting hit by requests for money from charities or constantly being asked for financial help from the same relatives or friends.

Detroit Free Press

PART OF THE USA TODAY NETWORK

New Year Blowout

99¢/WK

for your first 6 months

**ACT NOW
(HTTP://OFFERS.FREEP.COM
/SPECIALOFFER?GPS-
SOURCE=BEAGILJANUARY&
UTM_MEDIUM=OVERLAY&
UTM_SOURCE=BOUNCE-
EXCHANGE&
UTM_CAMPAIGN=JANUARY&
UTM_CONTENT=AGILITYZONE)**

They can overlook that they just spent \$100 or \$200 in order to claim some sort of prize from Publishers Clearing House. Being asked to wire money or put money on a prepaid card in order to claim a prize is a scam. But maybe the older adult doesn't even realize that they've handed money to a scammer.

Related:

Hey, you've just won \$3.5 million! Now, send us \$99

(<http://www.freep.com/story/money/personal-finance/susan-tompor/2016/10/12/publishers-clearing-house-sweepstakes-scams/91847492/>)

"People who are having cognitive changes often underestimate how much they're spending on this stuff," Lichtenberg said.

"They're responding to some immediate issue without really tracking how much someone is hammering at them."

Financial abuse isn't all that uncommon when it comes to the elderly. About 37% of active caregivers surveyed said the senior they care for has experienced financial abuse or exploitation that leads to a loss of money, according to the 2016 Safeguarding Our Seniors Study from Allianz Life Insurance of North America.

And the financial abuse can take place two or more times.

Scammed you once? Crooks bet on scamming you again

(<http://www.freep.com/story/money/personal-finance/susan-tompor/2016/02/13/asset-recovery-scams-missing-money/80223170/>)

About 40% of those surveyed said an elder had experienced financial abuse more than once. The survey was conducted in August with 1,000 panel respondents ages 18 through 64 who are actively providing care for an elder who is not a spouse or could be a caregiver within the next five years.

The average financial loss was \$36,000.

It sounds like an outrageous sum of money. But larger dollars come into play if the financial abuse was from a family member or a bad actor in the financial services industry who took advantage of a senior's finances.

Katie Libbe, vice president of consumer insight for Allianz Life, said a great deal of elder fraud is committed by family members who may have access to financial accounts and a senior's savings.

Many times, seniors are afraid to admit they've been ripped off because they don't want to lose access to their money, credit cards or even their car.

Half of all caregivers said the financial abuse caused the elder to isolate himself or herself from others.

Many seniors do not discuss how they lost money or even admit that they lost money. About 25% of those caregivers surveyed said they discovered that

abuse or someone else who cares for the senior disclosed the problem.

Not surprisingly, seniors who are experiencing memory loss or dementia face greater risks of being victims of financial abuse and even losing more money to the con artists.

For loved ones, making sure someone in the family's circle calls every day becomes more essential.

It's during those everyday chats that one can pick up that Mom has a new friend who takes her to Walgreen's and then likes to stop at the ATM to ask Mom for gas money. Or that Dad was asked to help cover the cost of his son's divorce.

Libbe said sometimes a family can be OK with some ways the senior is spending money. But sometimes, it can be a gray area. Should the daughter who drives Mom or Dad to the grocery every week and to doctor's appointments be reimbursed for gas? Should Mom or Dad pay for new tires for the car since the daughter does all that driving?

It's best to have conversations up front among family members to decide how much Mom or Dad can be asked to pay a caregiver for things, like gas or tires, and what's reasonable and what's not.

"Get it out on the table ahead of time," Libbe said. "People can justify a lot of stuff."

Contact Susan Tompor: stompor@freepress.com or 313-222-8876. Follow Susan on Twitter @Tompor.

Read or Share this story: <http://on.freep.com/2icPLtU>



FTD THOUGHTFUL GIFTS
BRIGHTER BIRTHDAYS

15% OFF
SHOP NOW