BROADHURST Financial Advisors, Inc.

# Protecting Elder Americans

There have been reports that so-called "elder abuse" in a financial context is on the rise, costing elderly Americans an estimated $36 billion last year alone. By one estimate, roughly one in three older Americans has been scammed in the past five years—what an official at the Institute on Aging calls "an elder financial abuse epidemic." Sadly, only one in 44 elder abuse cases are ever reported—the victimizers regard stealing from older Americans as a low-risk crime.

There is now a whole dark infrastructure of schemes to fool people in the early stages of dementia into parting with their money, including investment scams aimed at people with marginal retirement assets who want to boost their income, and pop-up messages on websites that trick the victim into downloading a virus that sends personal information to the scammers. Seniors are often targeted by fraudulent telemarketing calls, including solicitations for nonexistent charities or a frantic phone call saying that a beloved relative is stranded and needs money wired to him.

The newspapers offer lurid stories of how scammers convince seniors that they've won a big sweepstakes contest; all they must do is pay duties and taxes in order to get the payout. $25,000 later, the scammers have stopped answering the emails, and of course the sweepstakes payout never arrives. In other cases, a scammer would get hold of seniors' personal information, forge their names and open fraudulent bank accounts, siphoning retirement dollars until there was nothing left.

In a financial context, a broker might suddenly appear in the picture and start high-commission trading in unsuitable investments or talk the victim into taking out a loan on the home to increase the number of commissions that could be generated. (This, of course, is called 'churning,' and it is not always clear when trading crosses the line to become an illegal activity—especially if the broker has gotten the customer to sign a document he or she may not understand.)

Many times, the abuse is an inside job; a caretaker or new ‘friend’ will appear on the scene and convince a retiree to give them power of attorney control over the finances, change their will or ‘help them out’ with increasing payment amounts. It is not uncommon for family members to be the perpetrators. In a recent case, the children of a wealthy widow joined a brokerage firm, took control of their mother’s investment account, and set about churning it to turn her money into their commissions. The mother had to go to court to get back control of her own (diminished) finances.

The red flags are easy to state but not always easy to spot: unusually frequent or unexplained withdrawals from a retiree’s bank account, ATM withdrawals by an older person who has never used an ATM card, new “best friends” accompanying an older person to the bank, suspicious signatures on checks or outright forgery, bank statements that no longer go to the customer’s home, a caretaker, relative or friend who suddenly begins conducting financial transactions on behalf of an older person without proper documentation, and altered wills and trusts. Jewelry or other personal belongings may be growing legs and leaving the home.

In some cases, a friend or relative might notice that the elderly person refuses to make eye contact when asked about these issues, and experiences shame or reluctance to talk about the problem.

The American Bankers Association offers some basic tips that might help retirees protect themselves, like never pay a fee or taxes to collect sweepstakes or lottery “winnings,” and never rush into a financial decision; instead, ask for details in writing and get a second opinion.  Pay bills with checks and credit cards instead of cash to keep a paper trail, and if something doesn’t feel right, back off.  Feel free to say ‘no.’ After all, it’s your money.

If relatives notice any of the warning signs, they should immediately investigate, and if they need assistance, they can contact Adult Protective Services in their town or state. And they should report all instances of elder financial abuse to the local police, who routinely investigate and prosecute fraud cases.

The bottom line here is that there are many people who can't be trusted with an elder person's finances. Perhaps the best protection is to find, in the elder person's personal circle, a son or daughter who unequivocally has the retiree's best interests at heart. In the professional world, attorneys and financial planners or investment advisors registered with the Securities and Exchange Commission are required to adhere to a fiduciary standard, which means putting the interests of the person they're always advising ahead of their own interests. (Brokers and 'vice presidents of investments' who work at brokerage firms are not required to live up to this high standard of care.) For those who can no longer protect themselves, there should be others willing to step in and provide that safety.

**Sources:**


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If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number (215) 325-1595 or you can click here to schedule a meeting.

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## About the advisor

Jeff Broadhurst is a wealth manager at Broadhurst Financial Advisors, Inc. He focuses on providing wealth management solutions to business owners and family stewards in the Philadelphia area. Together with his partners, he helps affluent clients address their five biggest concerns:

1. Preserving their wealth
2. Mitigating taxes
3. Taking care of their heirs
4. Ensuring their assets are not unjustly taken
5. Charitable giving.

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Best regards,

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