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## **Saving Your Elderly Parents from Financial Fraud Talk to them about their money (and those who could take it away)**

**Provided by Howard Erman**

Elders are financially defrauded daily in this country. Just a tiny percentage of these crimes are made public. In fact, the National Adult Protective Services Association (NAPSA) estimates that only 1 in 44 cases of elder financial abuse are reported. A recent NAPSA study found that 11% of seniors had been financially “abused, neglected or exploited” within the past year.<sup>1</sup>

Friends, family & caregivers perpetrate much of this financial abuse. They commit 90% of it, NAPSA estimates. Major damage may result to an elder’s finances and physical and mental health: victims of elder financial exploitation are four times more likely to go into a nursing home than their peers, and nearly 10% of the victims end up relying on Medicaid.<sup>1</sup>

Frauds range from big scams to little schemes. You likely know about the common ones: the grandparent scam (“Grandpa, I’m in jail in \_\_\_\_\_ and I need \$\_\_\_ to make bail”), the utility company scam (one criminal keeps the elder busy in the yard as the other burglarizes their home), the lottery scam (a huge prize awaits, the elder need only pay a few thousand upfront to take care of associated taxes). Others are subtler: home health aides severely overcharging an elder for their services, relatives or caregivers using a financial power of attorney to draw down an elder’s bank or investment accounts.

Talking about all this may help to prevent it. Perhaps the best way to introduce the topic is by referring to what happened to someone else – a story coming up on the news or in the paper, an article online. AARP’s Fraud Watch Network emails a monthly newsletter highlighting common scams; it also maintains a map showing per-state occurrences of such crimes.<sup>2</sup>

A 2014 Allianz Life survey discovered something very encouraging. Seniors who have talked about the issue of financial exploitation with others seem less likely to succumb to it, especially seniors who have talked about such risks in the company of a financial professional.<sup>2</sup>

The insurer asked more than 2,000 Americans about their awareness of financial fraud – men and women aged 65+, and select family members and friends aged 40-64. It found that 97% of seniors who talked about finances with a hired professional were likely to check their monthly credit and financial statements, while only 84% of those who talked about their finances with no one were likely to do so. It also found that 93% of seniors who communicated with a hired professional were likely to refrain from signing a financial document

they could not fully understand; that was true for just 82% of seniors who had never addressed financial topics in the company of professionals, friends or family.<sup>2</sup>

Another pair of examples: 85% of elders who discussed personal finances consistently shredded or destroyed sensitive financial paperwork while just 69% of those who refrained from such discussion did. Thirty-seven percent of seniors who talked about their finances with a professional were also more likely to have a co-signer for their bank accounts, as opposed to 14% of those who were handling their personal finances solo.<sup>2</sup>

Have the conversation; have a look at Mom or Dad's financial situation. It is only prudent to do so. The National Center on Elder Abuse says that the average financial fraud perpetrated on an elder siphons \$30,000 out of his or her finances. Think about how devastating that is, especially for a poorer retiree; that may equal a year's worth of medical expenses, a majority of an elder's yearly income, or a double-digit percentage of his or her remaining retirement savings. Elders rich and poor need to be warned about such crimes.<sup>3</sup>

**Howard Erman may be reached at (562) 546-6021 or [AskHow@ErmanRetirementAdvisory.com](mailto:AskHow@ErmanRetirementAdvisory.com).**

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#### Citations

1 - [napsa-now.org/policy-advocacy/exploitation/](http://napsa-now.org/policy-advocacy/exploitation/) [4/30/15]

2 - [allianzlife.com/about/news-and-events/news-releases/preventing-elder-financial-abuse](http://allianzlife.com/about/news-and-events/news-releases/preventing-elder-financial-abuse) [4/20/15]

3 - [tinyurl.com/p4y6pa7](http://tinyurl.com/p4y6pa7) [4/20/15]

**Howard Erman, CFP®**

3020 Old Ranch Pkwy #100, Seal Beach, CA 90740

**Phone: (562) 546-6021**

**[AskHow@ErmanRetirementAdvisory.com](mailto:AskHow@ErmanRetirementAdvisory.com)**

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