

Elder Financial Abuse Estimated at \$2.9 Billion a Year

By Bill Benson and Nancy Aldrich

Health Benefits ABCs

Actor Mickey Rooney and philanthropist Brooke Astor are well-known examples of older adults who became victims of financial abuse by a family member. Rooney's stepson allegedly took control of Rooney's money and forced him to live in poverty. Astor's son tried to take control of her immense fortune while she had Alzheimer's disease.

There are an estimated 7.3 million other older adults – 20 percent of older Americans – who have been victimized by financial abuse, according to a 2010 survey by the Investor Protection Trust, a nonprofit investor education organization. The perpetrators of elder financial abuse are usually known to the victim and are often people who have gained their trust, including business and service people, the report said.

According to the National Center on Elder Abuse (NCEA), elder financial abuse is the illegal taking, misuse or concealment of funds, property or assets of a vulnerable elder at risk for harm by another due to changes in physical functioning, mental functioning or both.

Financial abuse includes misusing credit and debit cards, stealing from joint bank accounts, writing checks without authorization, stealing pension or benefit checks, committing identity theft, pressuring or threatening someone to transfer or give away money or possessions or selling inappropriate products such as trusts, long-term care insurance, reverse mortgages or annuities that the buyer does not understand and may not need.

According to the National Adult Protective Services Association (NAPSA), the typical victim of elder financial abuse is between the ages of 70 and 89, white, female, frail and cognitively impaired. She is trusting of others and may be lonely or isolated. However, elder financial abuse can happen regardless of gender, race or ethnicity.

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Rooney Testifies

Mickey Rooney testifies before the Senate Special Committee on Aging March 2.

- [Read](#) Mickey Rooney's Congressional testimony.
- [See](#) his testimony.

Losses by older victims of financial abuse are estimated to be at least \$2.9 billion a year, a 12-percent increase from the \$2.6 billion estimated in 2008, according to the MetLife Mature Market Institute's 2011 report *MetLife Study of Elder Financial Abuse* (see resource list, last page). MetLife's earlier study, *Broken Trust* (see resource list, last page), analyzed media reports in 2008 showing losses by older adults totaling \$250 million due to business/industry fraud; \$121 million in Medicare/Medicaid fraud and \$14 million in fraud by families, friends and strangers. (The \$121 million figure is lower than SMPs are accustomed to hearing about because it was based solely on amounts reported in 266 newspaper and other media articles found in the NCEA's news files.)

Much of elder financial abuse is considered to be unreported. A 2011 study of elder abuse in New York State by Mark Lachs, MD, MPH, with Weil Cornell Medical Center found that only one in 44 cases of financial abuse is reported. It found financial abuse occurred at the rate of 41 per 1,000 persons surveyed in the year preceding the survey.

"Seniors who lose their money are more likely to go into a nursing home, die or go on Medicaid," said Kathleen Quinn, executive director of the National Adult Protective Services Association. "This is a huge fiscal drain on Medicare and Medicaid. If we can prevent financial abuse or intervene early enough to save the money that remains, then that will save Medicare and especially Medicaid tons of money." Quinn's organization represents adult protective service (APS) workers, who are responsible for investigating abuse, neglect and exploitation of adults who are elderly or have disabilities. "APS is the 911 system for elder abuse," Quinn added. "We go directly into their homes."

Older adults are often targets for financial fraud because they either have large savings or are looking for ways to expand their income, or they may be at risk for financial exploitation due to social isolation or cognitive impairment. Financial exploitation is frequently achieved through deceit, threats and emotional manipulation of the elder, according to the 2011 MetLife study.

"Once an older adult has been ripped off, he or she is likely to succumb to other fraudulent financial schemes," according to Prescott Cole, an attorney with the Coalition to End Elder Financial Abuse (CEASE). Succumbing to financial exploitation is not likely to be a one-time thing that the person will learn from and not repeat. "It is not that one particular scheme tripped them up; it is that they are susceptible" in general. "They will run into more and more of these kinds of scams and they will fall into each and every one of them," Cole said.

Cole cited research showing that someone over age 65 who is "seemingly normal" is likely to have a decline in their decision-making abilities due to normal aging. The research by the University of Iowa found that 35 to 40 percent of community-dwelling older adults performed poorly on measures of decision-making ability. "Poor

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"A well-informed consumer is the best protection against fraud and deceptive practices – especially if that knowledge is backed up by tough regulatory enforcement."

—Skip Humphrey, director, Consumer Financial Protection Bureau's Office on Older Americans

“Elder abuse scams constitute a multi-billion dollar ‘industry’ which steals not only from the older people who are their victims, but also from all of us, since taxpayers pick up the costs of caring for the elderly once their assets have been stolen.”

—Prescott Cole, Coalition to End Elder Financial Abuse (CEASE)

decision-makers are more likely to fall prey to deceptive advertising, suggesting compromise of real-world judgment and decision-making abilities,” concluded the study by Natalie Denburg et al.

Almost half of older adults exhibit at least one warning sign of being at risk for financial victimization. For example, more than one out three surveyed seniors (37 percent) said they are currently being pitched by “people (who) are calling me or mailing me asking for money, lotteries and other schemes,” concluded an Investor Protection Trust report. Yet only 19 percent of their adult children believe that their parents are being targeted for financial fraud.

Cindy Hounsell, head of the Women’s Institute for a Secure Retirement (WISER) and the Administration on Aging’s National Education and Resource Center on Women and Retirement, identifies the following warning signs to watch for in older adults:

- Taking a large amount out of the bank or other cash accounts
- Making numerous withdrawals of smaller amounts – say, \$100 at a time
- Writing a large check to someone they do not know
- Changing power of attorney or beneficiaries on insurance or investment accounts
- Bouncing checks or bills going unpaid when there should be enough money to cover bills
- Making unusual or unnecessary purchases – golf clubs or jewelry
- Agreeing to make unnecessary home repairs – new siding on the house
- Becoming too close with a much younger person or an inappropriate person
- Having a caregiver that is too interested in her finances

High-pressure or misleading sales efforts and excessive fees could be warning signs of a predatory loan.

Professionals working with older adults can help watch for warning signs that the adult has been a target of, or is at risk for, financial exploitation. There are lots of resources to help (see resource list).

The Consumer Financial Protection Bureau’s Office of Older Americans recommends that if you suspect someone is being targeted or has been a victim of financial abuse, visit the [Elder Care Locator online](#) to find resources in your state, or call the hotline at 1-800-677-1116.

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Resources on Financial Exploitation

- [Broken Trust: Elders, Family and Finances](#)
- [CEASE](#), the Coalition to End Elder Financial Abuse
- [Common Fraud Schemes](#)
- [Consumer Financial Protection Bureau; Office of Older Americans](#)
- [Elder Investment Fraud and Financial Exploitation \(EIFFE\) Prevention Program](#)
- [Investor Protection Trust](#)
- [MetLife Study of Elder Financial Abuse](#)
- [Pocket Guide on Elder Investment Fraud and Financial Exploitation](#)
- [Savvy Savings Seniors: Steps to Avoid Scams](#)
- [Savvy Savings Seniors: Handbook for Participants](#)
- [Senior Investor Resource Center](#), North American Securities Administrators Association
- [What Is Elder Financial Abuse?](#)

Other Resources to Protect Older Adults

- [National Adult Protective Services Association](#)
- [National Center on Elder Abuse](#)
- [National Committee for the Prevention of Elder Abuse](#)