

## The Big Bad Wolf: Protecting Elders

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In our modern world, there are plenty of “Big Bad Wolves” out to scam people out of their hard-earned and saved money. Especially Senior Citizens as they struggle more with cognitive issues.

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. Which is what an official at the Institute on Aging calls “an elder financial abuse epidemic.” Sadly, only 1 in 44 elder abuse cases are reported, and the victimizers regard stealing from older Americans as a low-risk crime. Of course many victims do not report the crime – often because of shame.

There is now a whole dark infrastructure of schemes to fool people in the early stages of dementia into parting with their money. These include 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 financial industry now has some mandated safeguards in place – and one of these efforts at Schwab is naming Trusted Contacts for individuals. They have made it part of the account opening process. When we meet with you, we will be making sure that your trusted contact information is in place. When Schwab suspects an issue with your accounts, they will reach out to you and us as your advisers and the named trusted contact. Other safeguards that financial institutions employ include using aspects of Artificial Intelligence such as voice recognition, pattern monitoring, noticing confusion, and spotting unusual charges (or trades).

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 home.

The American Bankers Association offers some essential tips that might help retirees protect themselves. For example: 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 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 older person's finances (including family members in many cases). Perhaps the best protection is to find, in the older person's 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 advising ahead of their own interests at all times. There should be others willing to step in and provide that safety for those who can no longer protect themselves.

You can do other things to help prevent and inoculate yourself and your loved ones against financial abuse. Having a good team of professionals is an excellent first step. Most financial institutions allow you to have others monitor your accounts and setup alerts. The next step is to develop a plan for disability and/or cognitive decline and a team to support you. Involving family members and close friends is also essential. As advisers, we can help you develop strategies for protection and prevention and help identify others to help.

As a reminder on cyber-security issues, we have included a one-page listing of tips, and we are happy to point you to more resources and help you put in place some safeguards for you or your loved ones.