

YOUR MONEY

Financial Abuse of the Elderly: Sometimes Unnoticed, Always Predatory

Retiring

By ELIZABETH OLSON NOV. 27, 2015

It was only after Mariana Cooper, a widow in Seattle, found herself with strained finances that she confessed to her granddaughter that she was afraid she had been bilked out of much of her savings.

Over three years, Ms. Cooper, 86, had written at least a dozen checks to more than \$217,000 to someone she considered a friend and confidante. But the money was never paid back or used on her behalf, according to court documents and in early November the woman who took advantage of Ms. Cooper, Jr. was convicted on nine counts of felony theft. (She faces sentencing on Feb. 10.)

Ms. Cooper, who lost her home and now lives in a retirement community, is one of an estimated five million older American residents annually who are exploited to some extent by a caregiver, friend, family member, lawyer or financial advisor.

With 10,000 people turning 65 every day for the next decade, more and more retirees are susceptible to such exploitation. As many as one in 10

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Raising awareness about elder financial abuse



Photo created by Kelly Brick. Article written by Patricia Ioas

PREVENTING FINANCIAL ABUSE OF THE ELDERLY

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Patricia Ioas | [Following](#)
Owner at Elders Advisory Services, LLC
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Safeguarding Assets

Prior to starting Elders Advisory Services, LLC (EAS), I was an auditor. Please keep reading, this article was not written for auditors; it is important information that everyone could use.

While being an auditor may sound boring to some, I did not see myself as just an auditor. I was a client advisor. My value to clients was beyond the commodity of an audited financial statement. There was great reward in seeing clients grow their businesses and in protecting that which they accumulated.

When I shifted my focus to providing services to seniors, I applied much of my client service background and still consider myself beyond a service provider. I am a trusted advisor to my clients. One of the keys to serving this amazing sector of our population is understanding the financial challenges seniors face. One such challenge is financial abuse. EAS is committed to addressing instances of financial abuse of the elderly, and as such, part

Messaging



of our mission is safeguarding assets for our clients, so they can maintain a quality of life, for the rest of their life.

As I researched financial abuse of the elderly, which is approximately \$36 billion a year for reported cases (see footnote a), I noted some common themes that were similar to fraud in business settings, relating to a break down in common expected safeguards. This is where my auditing experience quickly identifies risks and addresses them. There are inherent risks that apply to individuals, especially as they age. As a result, there needs to be a system of checks and balances in place to reduce the risk of financial abuse.

I am not suggesting that individuals need an elaborate system to protect their assets; however, there are some basic activities that should be implemented to address risks and safeguard assets. Those activities include having multiple individuals involved, authorization of transactions and physical safeguards, with appropriate monitoring and oversight. Implementation and maintenance of such a system is not costly; however, not doing so could be extremely costly. For those victims of financial abuse, the lack of a system has proven to be costly, not only financially, but also emotionally for them and their loved ones. Many seniors who are victims of financial elder abuse are no longer able to maintain the quality of life and independence that they once enjoyed. In addition, the damage to their psyche upon becoming a victim is often irreversible, leaving them extremely fearful and lacking the confidence they enjoyed most of their adult life.

Involving multiple people allows for separation of authorization, asset custody, and recordkeeping activities. Separation is important not only due to the element of human error, but also to prevent various kinds of theft. Many of the reported cases of financial abuse of the elderly involved caregivers and trusted family members. Separation of responsibilities for guardianship from those of financial power of attorney are important. The involvement of one person in the cash disbursement/check writing process and a separate person involved with custody and tracking of assets allows for separation of responsibilities. Simply stated no one person should have both custody of assets and the ability to disburse those assets, without oversight.

Authorization of transactions is the approval of transactions by a designated person. Often, transactions over a certain dollar amount or of an unusual nature require authorization by an individual, other than the person initiating the transactions. For seniors, having a family member or trusted advisor allows for proper authorization of transactions. Banks and financial institutions have reported cases in which seniors requested large withdrawals and wire transfers to help “needy” family members or to pay taxes due on lottery winnings. Large, unusual transactions may be flags of financial abuse, but numerous small transactions could go unnoticed and the resulting asset drain is the same.

Physical safeguards relate to protection of property, including cash or blank checks. In addition, to protect an individual’s identity, physical safeguards are critical for securing key identifying information such as date of birth, social security number, bank account, credit card, and investment information. The aging process causes seniors to be more susceptible to scams. Seniors may be more easily manipulated by family or trusted individuals to

provide their “protected” information to people who will use the information to violate them.

Monitoring and oversight involves an ongoing review or reconciliation of accounts.

Finances are a sensitive area so many seniors feel a loss of independence, when they allow someone to be involved with their finances. As seniors experience a decline in their faculties through the natural aging process or due to a medical condition, they are vulnerable to financial abuse. Monitoring and oversight provides an opportunity for someone to review account activity, while allowing the senior to maintain financial control.

It’s important to implement these safeguards as soon as possible, and hopefully before your senior relinquishes total control of their finances. Having the safeguards in place will allow the senior to participate in their financial activities much longer as a result.

Footnote a - True Link Study. True Link is a firm dedicated to helping seniors with their financial planning

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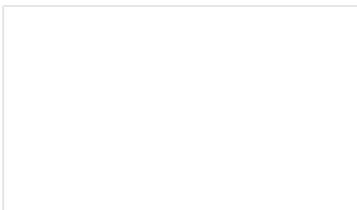


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