

# Senior \$afe: How to Protect Against Financial Abuse

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According to the Consumer Financial Protection Bureau, the number of suspicious activity reports on elder financial exploitation quadrupled from 2013 to 2017. Fraud experts believe that these reports represented only a small percentage of actual incidents. An estimated 90% of the perpetrators of financial abuse on elders are family members of the abused. **With the ever-changing technology surrounding financial data and the sophisticated, developed methods of fraudsters to target and successfully exploit seniors, it is important to understand your options and available protection resources.**



Image by Mohamed Hassan/Pixabay

As new technology emerges and the financial world becomes more complex, seniors and their families must take the necessary steps to protect their financial health. Seniors tend to be one of the most targeted groups for financial fraud and exploitation, due to the possibility of greater diminished capacity and a stronger likelihood to be dependent on other individuals. Seniors who are not able to maintain their own finances due to cognitive or physical decline have the highest risk. Fraudsters target the elderly because they are more likely to have savings, own their own homes, have good credit, and tend

to be more polite, allowing fraudsters an opportunity to present their scam.

## RED FLAGS:

### WARNING SIGNS OF FINANCIAL ABUSE

- Sudden appearance of previously uninvolved relatives claiming rights to information and possessions
- Abrupt changes to financial documents, such as power of attorney, account beneficiaries, wills and trusts, and property titles
- Unexplained and sudden excitement about financial windfalls with no supporting details
- An unwillingness to discuss financial matters that used to be open for discussion
- Reports or unsolicited phone calls from the IRS, Social Security, or Medicare

Further, seniors may be more socially isolated and less likely to discuss becoming targets of financial fraud because they want to avoid drawing attention to their diminished capacity. It is important for financial professionals and family members to recognize common red flags of potential financial abuse and to be prepared to step in when necessary. (See sidebar at left.)

Additionally, diminished capacity in adults can present in both obvious and indistinct ways. Signs of diminished capacity can present as becoming overly forgetful, failing to take care



of yourself physically, or being easily confused. Less obvious signs are changes in spending behavior and management of day-to-day finances. It is important to remain vigilant when caring for a friend or family member who may be experiencing these signs and to understand the resources available to help. Fraudsters are savvy in targeting this group and are constantly developing schemes to gain access to financial and personal information. Along with trusted friends and family, GHPIA aims to educate and be a strong line of defense for seniors.

As GHPIA's Ernesto Montes highlighted in his July 2020 newsletter, [11 Ways To Protect Your Account From Fraudsters](#), everyone should take measures to protect financial and personal information. Especially when it comes to seniors and individuals susceptible to outside influence, family and friends should know where to turn when they suspect fraud. Both Schwab and Fidelity, our primary custodians, offer tools to combat financial exploitation.

As part of our financial custodians' offerings, the Trusted Contact designation is a useful defense against financial abuse. A Trusted Contact is a family member or friend whom the custodian or financial advisor

### STORIES FROM THE FRONT LINES OF THE FIGHT AGAINST ELDER FINANCIAL ABUSE

A recently widowed man in his eighties, whose family does not live close by, befriends an enthusiastic employee of the nursing home where he lives. Unfortunately, the employee has ulterior motives and convinces the man to change the beneficiaries on his IRA accounts to the employee. When the man passes away a few years later, his children discover the change and that they will not receive their father's assets. In this example, a View Only access for the children may have clued in the children to material changes to the beneficiaries of the accounts.

A woman in her seventies is diagnosed with Alzheimer's. To protect the possibility of financial abuse, her spouse and children add View Only access to the accounts for the children to monitor for unusual behavior. The woman's spouse and her children also work with an attorney to draft estate documents that establish Power of Attorney to help the woman make decisions.

may contact about the client and the client's accounts if suspicious behavior is identified. Once a client designates a Trusted Contact, that individual's contact information will be added to all the client's accounts, but the individual is not authorized to transact business on the account. In concert with a custodian's support team, the Trusted Contact and GHPIA can work together to address suspected financial exploitation or other client concerns. **For a more in-depth explanation, see the [Trusted Contact Frequently Asked Questions \(FAQ\)](#) at the end of this newsletter.**

In addition to adding a Trusted Contact to their accounts, our clients may want to add View Only access for trusted individuals. Like the Trusted Contact, the identified individual will not have the authority to act on the account; however, View Only access provides the ability to view the activity within the account, allowing for the trusted individual to monitor the account for unusual behavior.

No two situations are exactly the same; nor are the proper responses or protections. Depending on your situation, our team at GHPIA will work with you, your family members, attorneys, and other professionals to develop and execute a plan that provides the necessary protections for your assets. Our goal is to be proactive in fraud protection and supportive when things do not go as planned. Our Financial Concierge and Client Relations teams are prepared and educated to help you protect your family members and give peace of mind.



## Trusted Contact: Frequently Asked Questions (FAQ)

### What is a Trusted Contact?

A Trusted Contact is someone whom GHPIA, Schwab, or Fidelity can contact in order to:

- Identify any legal guardian, executor, trustee, or holder of a power of attorney.
- Discuss activities or other possible red flags that might indicate you are being financially exploited.
- Confirm your current contact information.
- Confirm your mental or physical health status.
- Address other limited circumstances as permitted by law.

**Trusted Contacts are unable to view account information, execute transactions, or inquire about account activity unless they are separately an authorized party or have access to your account.**

### What are the benefits of having a Trusted Contact?

While you are not required to have a trusted contact on file, it may help your service providers react more quickly and decisively when addressing suspected financial exploitation or diminished capacity situations.

### I already have a spouse or POA listed on my account. Do I need a Trusted Contact?

While you may already have a power of attorney or spouse listed with Schwab or Fidelity, the presence of a Trusted Contact provides an additional resource if we identify a possible issue.

### Who can be a Trusted Contact?

You may designate anyone who is at least 18 years old to be a Trusted Contact. Trusted Contacts are usually family members or close friends — people you trust and who are likely to be in the best position to know your current situation. We suggest designating a person who is not already authorized to conduct business or receive information on your behalf. You can designate up to two Trusted Contacts. Trusted Contacts are applied to your entire brokerage relationship with Schwab or Fidelity, so you do not have to worry about naming individual contacts for each account.

### How does this affect my relationship with GHPIA?

GHPIA's authorization is not affected if you add Trusted Contacts, but we will also rely on the authorization provided to your account custodians to contact the designated trusted contact if we have concerns about account activity.

**For more information or to add a Trusted Contact to your accounts, please contact our Client Relations Department at (303) 831-5041.**