



Protecting Elderly Clients from Financial Abuse

Five ways financial professionals can help shield elderly clients from financial exploitation

Financial abuse of seniors has quietly become one of the fastest-growing crimes in America. In 2021 alone, the FBI reported that Americans age 50 and older lost nearly \$3 billion¹ to cybercrime, a 62 percent increase from 2020. And that's just a small piece of the puzzle – the National Council on Aging reports² that financial abuse costs victims of all ages up to \$36.5 billion annually. With the number of elderly people in the United States sitting at just over 46 million³ – and expected to double in the next 25 years – opportunities for perpetrators to take advantage of seniors will only continue to climb. More concerning, in over 60 percent² of elderly abuse cases the offender is identified as someone close to the victim – friends, loved ones, and caretakers.

As a financial professional committed to serving the best interests of your clients, what are some ways you can help combat this issue? Often, the best defense against elder financial abuse is working together to prevent it. Outlined below are five ways you can help protect your elderly clients from financial abuse.

1.

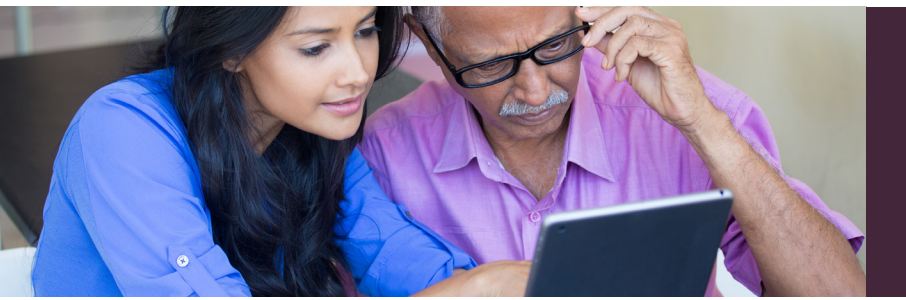
UNDERSTAND THE TYPES OF ELDERLY ABUSE



Financial exploitation is not exclusive to the 50 and older crowd – it can happen to anyone at any time. This is especially true in today's highly digital world where sensitive financial information is being stored online and cyber criminals are unlocking new ways to take advantage of people every day. More than ever, it's important to have an awareness and knowledge of financial exploitation and how it is carried out.

Tech support scams, investment fraud, and confidence fraud are three of the primary ways offenders take advantage of seniors. These three forms of fraud collectively accounted for more than half² of the 60 and up age group's financial losses in 2021.

- **Support Scams** – Criminals pose as IT staff from well-known tech companies and charge significant and unnecessary fees to fix computer issues
- **Investment Fraud** – Can be committed in a variety of ways but primarily involves misrepresenting information investors use to make decisions
- **Confidence Fraud** – Financial fraud that preys on a victim's emotions and affections, primarily via romance scams



KNOW THE SIGNS

2.

Some common ways deceitful family members and loved ones commit financial or investment fraud include theft, forgery, coercion, persuasion, and initiating transactions without a victim's consent. There are many subtle signs that you as a financial professional may be able to pick up on when something suspicious occurs with one of your clients. Unusual changes in a client's bank account or money management strategy is one of them. Sudden, and often urgent, money movement requests that are not practical or in line with the client's previous moves are another.

Other red flags include:

- Unusual requests in a client's will or trust
- Unexpected changes in power of attorney
- Suspicious signatures on financial documents
- Unpaid bills
- Inability to reach or have a one-on-one conversation with the client
- Obvious attempts at coercion involving someone close to the client

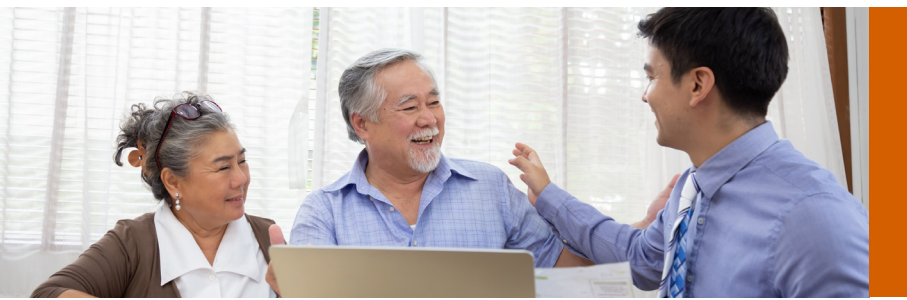
3.

ENCOURAGE CLIENTS TO NAME A TRUSTED CONTACT



In 2018, FINRA, under Rule 4512, began requiring financial professionals⁴ to ask clients to name a 'trusted contact' when opening a new account. Although clients are not required to oblige, FINRA President and CEO Robert Cook took the position⁵ that everyone should have a trusted contact. In September 2021, Cook noted⁶, "All investors can benefit from adding a trusted contact to their account – having one or more trusted contacts provides another layer of security on the account and puts the financial firm in a better position to help keep the account safe."

Building relationships with these trusted contacts, and other family members closest to the client, is a key step in preventing elderly financial abuse. If a client has named a trusted contact, consider setting up regular check-ins with the individual every few weeks. In addition to building your own relationship with the trusted contact, checking in often will allow you to get a feel for the person and gauge whether there have been any sudden shifts in the trusted contact's relationship with your client. Some financial professionals⁶ also send read-only copies of financial statements to those closest to the client so they are always in the loop. By having regular access to read-only financial statements, trusted family members may be able to spot unusual activity better than the elderly client.



PLAN AHEAD

4.

Advanced preparation can be one of the best ways to protect your elderly clients as they grow older. Work with your older clients to build a long-term financial roadmap and help them determine how they want to manage their money and property in the event they become unable to do so for themselves down the line. In some cases, this may mean setting up a trust or power of attorney, which is a legal document⁷ authorizing someone to make decisions about money and property on someone else's behalf. A power of attorney can be created to include certain protections designed to meet the specific needs of your client. Overall, the more detailed a client's financial roadmap is, the easier it will be to follow and notice any suspicious deviations from the plan.

5.

SEE IT, REPORT IT



If you see financial exploitation occurring with one of your older clients, or even a hint of suspicious activity, you have an obligation to act quickly. FINRA has a [few rules](#) in place to protect seniors from financial abuse – including placing a hold on a client's account when appropriate – as well as a dedicated hotline elderly clients can call with any questions or concerns. There are several other organizations that you can file a report with as well. The United States Department of Justice [website](#) offers a few ways to report suspicious behavior involving seniors, and Cambridge has a team dedicated to handling financial exploitation inquiries.

FINRA Securities Helpline for Seniors

844-57-HELPS (844-574-3577)

Online Scams

FBI's Internet Crime Complaint Center: ic3.gov

Local Law Enforcement or Adult Protective Services Office

National Elder Fraud Hotline: 833-372-8311

Elder Abuse (not related to online scams)


Eldercare Locator: 800-677-1116 or eldercare.acl.gov

Local Law Enforcement or Adult Protective Services Office

Cambridge Investment Research, Inc.

A Vulnerable Client Intake Form is available to financial professionals.

800-777-6080



Older Americans are one of the fastest-growing demographics in the country. Now more than ever, it's important to establish a plan and set of procedures to help elderly clients protect the future they've worked so hard to build.

¹ Markowitz, A. (2022). Older Americans' cybercrime losses soared to \$3 billion in 2021. *AARP*.

² NCOA. (2021) Get the facts on financial elder abuse. *National Council on Aging*.

³ EPC. (n.d.). The truth about elder abuse. *Elder Protection Center*.

⁴ FINRA. (n.d.). Rule 4512. Customer Account Information. *FINRA*.

⁵ Jason, J. (2022). Do you need a 'trusted contact' to help protect you? *Forbes*.

⁶ FINRA. (2022). Protecting seniors from financial exploitation. *FINRA*.

⁷ Kagan, J. (2022). Power of Attorney. *Investopedia*.