

Vera Institute of Justice

Criminal Justice Issues and Prisoners' Rights

<https://www.vera.org/blog/seniors-facing-cognitive-decline-need-responsible-financial-care-from-banks-families-and-community-providers>

Public Facing Advocacy Writing

Everyone has heard the old adage that as we age, we become older and wiser.

However, a recent Economist article suggests that [the opposite is true with regard to our ability to manage our finances](#). While cognitive decline is most severe in those with neurological disorders like Alzheimers disease, any senior may struggle with a decreased ability to process new information and recognize risksskills which are crucial to responsibly spending and investing ones money. As a result, the elderly are vulnerable to a frightening level of financial exploitation and abuse. A recent study by the financial firm True Link Financial estimated that between \$3 and \$37 billion are lost annually in the United States by victims of elder financial exploitation.

According to the Economist, some of these losses are the result of scams carried out by strangers against the elderly. Con artists regularly approach seniors claiming to be from the IRS or Medicare/Medicaid, and steal personal information from them under the guise of resolving problems with their taxes or insurance. A number of other scams are carried out via cold calls or e-mails, such as the grandparent scam, in which callers claim to be the grandchild of their target, and ask for money to deal with a supposed emergency. These scams have troubled banks to the point that they have begun training employees to recognize signs of financial abuse, and offering rewards to employees who can spot scams.

However, the biggest threat to seniors financial security does not come from anonymous con artists. It comes from their own children. An article by Barrons reported that [a child was the primary suspect in cases of financial abuse against a parent](#) 71 percent of the time. Barrons also found that these cases are especially complicated because children and elderly parents often do not view their transactions as abusive.

Many cases begin with the child managing an ailing parents finances or receiving financial assistance from the parent during a difficult time. Some of these children then call on their parents for increasingly large sums of money simply to pay bills or purchase expensive items, leaving their parents bankrupt and unable to care for themselves. This abuse can be exacerbated by a child being granted power of attorney over their aging parent, which grants them complete control over the parents finances. Banks have developed some mechanisms to prevent this kind of abuse, including experimenting with a limited form of power of attorney. Within families, Barrons recommends parents and children talk frequently and transparently about where parents finances are going, and that multiple family members manage parents savings to hold each other accountable.

Regardless of age, elderly adults should be respected and allowed to maintain their financial agency, while working closely with chosen family members who can help them responsibly maintain their finances. The Guardianship Project (TGP), a demonstration project of Vera, [works hard to prevent financial exploitation among our elderly clients](#). When TGP is appointed by the court as guardian, TGP's finance associates review clients past finances and, when appropriate, investigate whether any financial abuse has occurred. Our case managers visit clients at least once a month to check on their physical and mental health, alerting us to any health problems that could affect their ability to manage their finances, or any attempts to defraud them.

To better understand if someone you know needs help with their finances, assess the situation by talking with their friends, family, and doctors. Also be sure to look for anything unusual, like bills piling up in their home and letters from collections agencies, and ask about recent large payments or deductions. Banks and care providers are also beginning to train their staff on how to spot signs of dementia and financial abuse. As with many health concerns, early detection of cognitive decline and understanding how to manage it is the best method to prevent an elderly person from financial abuse.

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