THE POWER OF DILIGENCE

YOUR FIELD GUIDE TO PREVENTING ELDER FINANCIAL FRAUD

NOT A DEPOSIT. NOT FDIC INSURED. NOT GUARANTEED BY THE BANK. MAY LOSE VALUE. NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY.
Most people don’t spend much time worrying about whether they’ll become the victim of financial fraud. Unfortunately, this overconfidence can leave people vulnerable.

Financial fraud is a problem that affects people of all ages, but it’s no secret that older Americans are more vulnerable and routinely targeted by scammers. While many of us think this fraud won’t happen to us, it makes sense to be prepared.

The first step in preparation is understanding elder fraud. It’s an extremely pervasive issue and the frequency with which it occurs in the United States is staggering. While the cumulative impact is hard to ignore, it’s also important to remember the financial, physical, and emotional toll it takes on individual victims. While the focus of this guide is on elder fraud, the information provided is useful to everyone since no one is immune to fraud. This guide will help you identify common scams and arm you with the knowledge to potentially stop fraud in its tracks.

$148 billion
The estimated amount criminals steal from American seniors each year.¹

¹ “The United States of Elder Fraud — How Prevalent is Elder Financial Abuse in Each State?” Comparitech, August 2020
RECOGNIZE THE SYMPTOMS

While this guide is centered around elder fraud, it’s important to understand where elder fraud fits into the bigger picture: elder abuse. There are many types of elder abuse you should be aware of.

**Physical abuse:** When someone causes bodily harm to the senior.

**Emotional abuse:** Includes verbal abuse, yelling, threatening, or repeatedly ignoring the older person. Isolation is another form of emotional abuse. This type of abuse is commonly committed by a caregiver or a family member.

**Neglect:** Occurs when the caregiver purposefully ignores the older person’s needs.

**Abandonment:** Leaving a senior alone without planning for his or her care.

**Sexual abuse:** Involves forcing an older adult to watch or be part of sexual acts.

**Financial abuse:** The theft or misuse of their money or belongings. It can include forging checks, taking someone else’s retirement and Social Security benefits, or using their credit cards and bank accounts. This form of abuse includes acts committed by both strangers and loved ones.

Elder fraud is a type of financial abuse.

Over $34K

The average loss associated with elder fraud.²

² “Senior Financial Scams: How Fraudsters Target Older Adults in 2021,” Consumer Affairs, July 2021
THE COST OF INACTION
Remember the saying, “Don’t run away from your problems?”

Many experts believe the impact of elder fraud may be even greater because incidents are often left unreported. There are many reasons seniors may not report they’ve been scammed:

— Embarrassment
— Doubt
— Dementia
— Family member involvement
— Fear of retaliation
— Not knowing who to talk to

The Picture of Abuse

An estimated 5 million elders are abused each year. One study estimated that only one in 24 cases of abuse are reported to authorities.³

WHAT TO LOOK FOR

WHAT ARE SOME OF THE SIGNS OF ABUSE?

The ability to identify someone who is being victimized is the first step to getting them help. You may notice the person:

— Has trouble sleeping
— Seems depressed or confused
— Loses weight for no reason
— Displays signs of trauma
— Acts agitated or violent
— Becomes withdrawn
— Stops taking part in activities he or she enjoys
— Has unexplained bruises, burns, or scars
— Looks messy, with unwashed hair or dirty clothes
— Develops bed sores or other preventable conditions

If you see signs of abuse, it’s time to get help.

³ "Get the Facts on Elder Abuse,” National Council on Aging, February 2021
HOW TO SPOT SCAMS

Raising awareness of common schemes targeting seniors can help keep your loved ones informed. The most common scams include:

1. **IRS impersonation**: The perpetrator pretends to be associated with the IRS. When in doubt, contact the IRS directly and do not divulge personal information to a solicitor.

2. **Sweepstakes scams**: Usually involves the scammer seeking bank information to deposit a windfall, like a sweepstakes winning. Never pay or divulge information to receive a windfall.

3. **Robocalls/unsolicited phone calls**: These scams are growing in complexity. Callers often pretend to be a hotel brand, the IRS, or the Social Security Administration. Bottom line: Hang up. If you believe the call is genuine, contact the organization the caller is claiming to represent to be sure.

4. **Computer scams**: This scam involves someone seeking personal information through email. Never respond with personal information and do not click on links — this could download harmful malware onto your computer.

5. **Identity theft**: The scammer uses personal information to open credit lines or uses the victim’s identity for personal gain. Consider freezing your credit to stop anyone from opening new credit under your identity.

6. **Grandparent scams**: The scammer claims to represent a grandchild in need of help. Do not respond — speak directly with the grandchild.

7. **Caregiver abuse**: Abuse by the caregiver. Family should thoroughly vet caregivers and know the signs of abuse.

8. **Grant scams**: Another windfall scam.

9. **Romance scams/confidence scams**: That new special person in the life of the victim may be more interested in their possessions. The elderly should be wary of online dating and putting trust in strangers, especially when it comes to money.

10. **Home improvement scams**: A contractor shows up on the victim’s doorstep and demands money for any variety of work on the home. Don’t give them cash and don’t accept unsolicited bids for work.

AARP has excellent resources online that describe in detail all of the common scams and how to avoid them.
A POSITION OF TRUST

Another reason seniors are often defrauded is because they tend to rely on family members to care for them. Unfortunately, numerous studies have shown the most common type of fraud is perpetrated by a family member or paid caregiver. Close friends — or others in a position of trust — have also been known to perpetrate elder financial fraud.

SITUATIONAL ABUSE

Seniors can also fall prey to fraud in times of stress or grief, situations in which people are most vulnerable. This is known as situational abuse. Examples include being discharged from the hospital, when a person might be heavily medicated, or immediately after losing a spouse, when depression is starting to set in.

MOVING

Another instance of potential vulnerability is during a housing transition, when stress levels are high. This can include a move from a home you’ve lived in for decades to a 50-and-over community, or relocating from a 50-plus community to a nursing facility.

DEMENTIA

And then, of course, there’s cognitive decline, such as Alzheimer’s disease or other dementias. To help you prepare for the financial realities of these unfortunate conditions, we’ve collaborated with researchers at the MIT AgeLab to create useful educational materials. Ask your financial professional to learn more.

$50K

The average amount lost when the victim knows the suspect personally.⁴

There are a number of steps you can take to protect yourself. First, be alert to financial fraud. Awareness is perhaps our most effective tool to fight scammers. Second, if you suspect you’ve been defrauded, talk with someone you trust. Whether it’s a spouse or adult child, an attorney, tax advisor, or your financial professional, simply talking to someone about the situation can be helpful in determining whether fraud has occurred.

Here are several actions you can take to protect yourself against fraud.

**BE AWARE**

- Understand that you’re vulnerable during major life events or when you experience a loss
- Know that it’s OK to hang up on telemarketers — and if you have caller ID, you’re not obligated to answer calls from unfamiliar numbers
- Familiarize yourself with common scams
- Be skeptical when you’re told you’ll get money if you send money first or when something sounds too good to be true; be wary of deals that are only valid if you act today
- Consider registering home and mobile phone numbers with the National Do Not Call Registry at [donotcall.gov](http://donotcall.gov)
- Don’t think you’re immune to fraud — even if you consider yourself financially sophisticated, you should watch for scams
- Don’t put important personal information, such as your address or that you’re away on vacation, on social media
- Work with a reputable financial professional from a Financial Industry Regulatory Authority (FINRA)-member firm (see [FINRA.org/brokercheck](http://FINRA.org/brokercheck))
CREDIT SAFETY

• Consider a low-limit credit card (perhaps $1,000 or $1,500) for day-to-day purchases
• Use debit cards sparingly and never give out your PIN
• Consider freezing your credit — making it more difficult for scammers to open new credit in your name
  ○ You can do this by contacting the three primary credit-reporting companies: Equifax, Experian, and TransUnion (a small fee may apply)
  ○ An alternative to this is a fraud alert, which allows access to credit reports as long as steps are taken to verify your identity (this service is free)

CAUTIOUS BANKING

Guard your bank account information — especially debit cards. Use care with joint bank accounts because they can invite fraud. In most states, money held in a joint bank account automatically goes to those named on the account when a joint owner dies. Consider these viable account alternatives:

Convenience accounts allow an authorized individual to make transactions on behalf of the owner, but doesn’t allow that person to inherit the money when the owner passes.

View-only accounts allow people the owner trusts to monitor the account, but with no access to the funds.

Payable-on-death accounts are used when an inheritance is the primary concern.

Tip:

Don’t put important personal information, such as your address or that you’re away on vacation, on social media.
HOW TO PROTECT YOURSELF

POWERS OF ATTORNEY (POA)

- Carefully consider your power of attorney because fraud can occur when these powers are granted to the wrong individuals.
  - While it may seem like common sense, don’t appoint anyone who has a history of financial, or even behavioral, problems — it’s best to choose people who have experience with the types of accounts they will be asked to manage.
  - Consider joint agents, where two people must agree on the actions being taken — while this can make questionable transactions more difficult, it may decrease the chances of fraud because each person keeps the other accountable.
Everyone’s future deserves protection.

To learn more about Transamerica’s Field Guide to Preventing Elder Fraud series and to get support materials:

- **Visit:** transamerica.com
- **Contact:** Your Financial Professional

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