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Elder Financial Abuse:
The “Crime of the 21st Century”

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**“The true measure of any society
can be found in how it treats its
most vulnerable members.”**

– Attributed to Mahatama Gandhi

“Our society must make it right and possible for old people not to fear the young or be deserted by them, for the test of a civilization is the way that it cares for its helpless members.”

– Pearl Buck,
writer and Nobel Prize recipient



Agenda:

Background:

Why is it happening/why is it important?

Present:

Who/what/when of elder financial abuse.

Future:

What do we do about it?

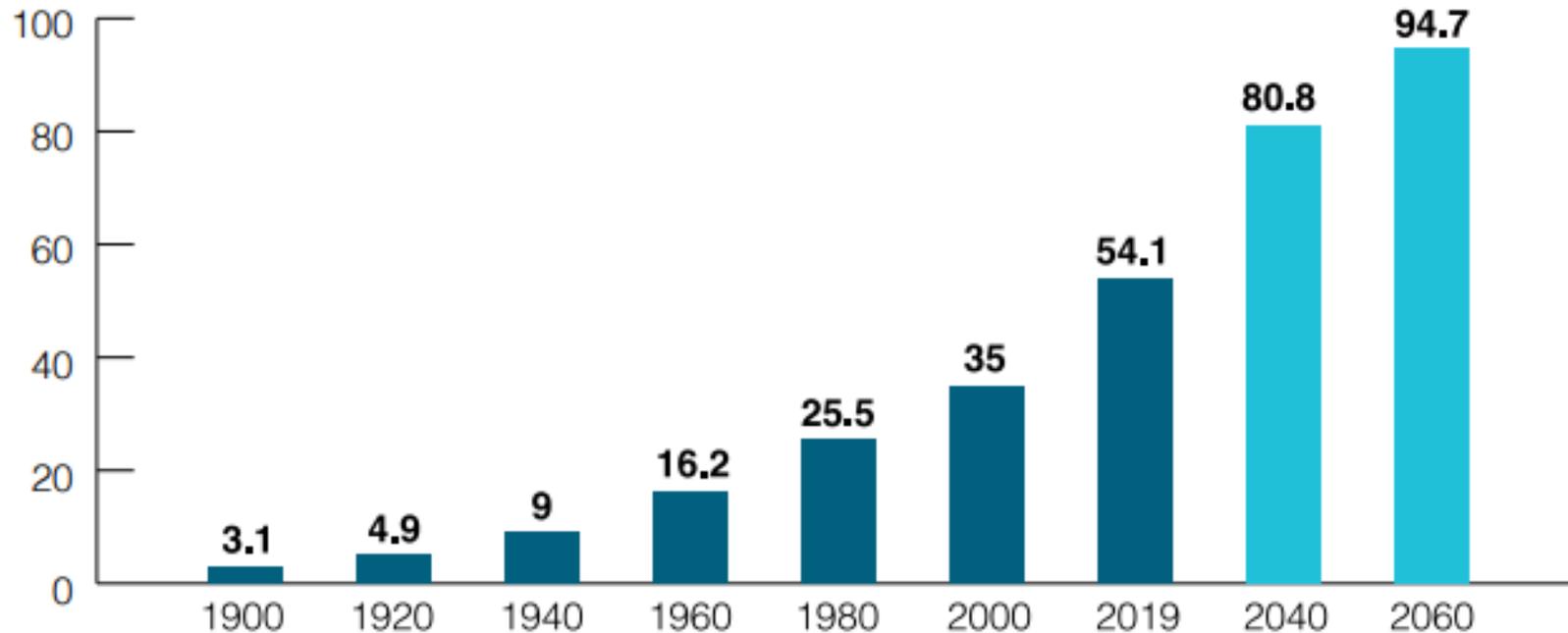
The Background



“Crime of the 21st Century”

- Demographics
- Health-related effects of aging
- Financial and retirement trends
- Ever-evolving technology

Number of Persons Age 65 and Older, 1900 - 2060 (numbers in millions)



Note: Increments in years are uneven. Lighter bars (2040 and 2060) indicate projections.

Source: U.S. Census Bureau, Population Estimates and Projections

People age 65 and older represented **16%** of the population in 2019 and is expected to be **21%+** of the population by 2040.

People age 85 and older are predicted to triple from **6.7 million** to **19 million** by 2060.

NC Population Change 2019-2039

Age	2019		2039		% Change 2019-2039
	#	%	#	%	
Total	10,487,088		12,706,544		21%
0-17	2,309,948	22%	2,579,712	20%	12%
18-44	3,720,591	36%	4,395,245	35%	18%
45-59	2,074,591	20%	2,326,862	18%	12%
60+	2,382,240	23%	3,404,725	27%	43%
65+	1,735,619	17%	2,705,349	21%	56%
85+	190,083	2%	410,591	3%	116%

Source: NC Office of State Budget and Management, Standard Population Estimates, Vintage 2019 & Projections Vintage 2039

North Carolina ranks ninth nationwide in population of adults age 60 and older, and by 2039 over **one in four** NC residents will be 60+.

Cognitive Decline

- Among those 85 years of age and older, 37% suffer from mild cognitive decline and 27% suffer from dementia.
- In the elderly, cognitive decline can happen over a long period of time or very rapidly.

Social Isolation

- The U.S. Census estimates that as many as 27% of adults aged 65+ lived alone in 2019.

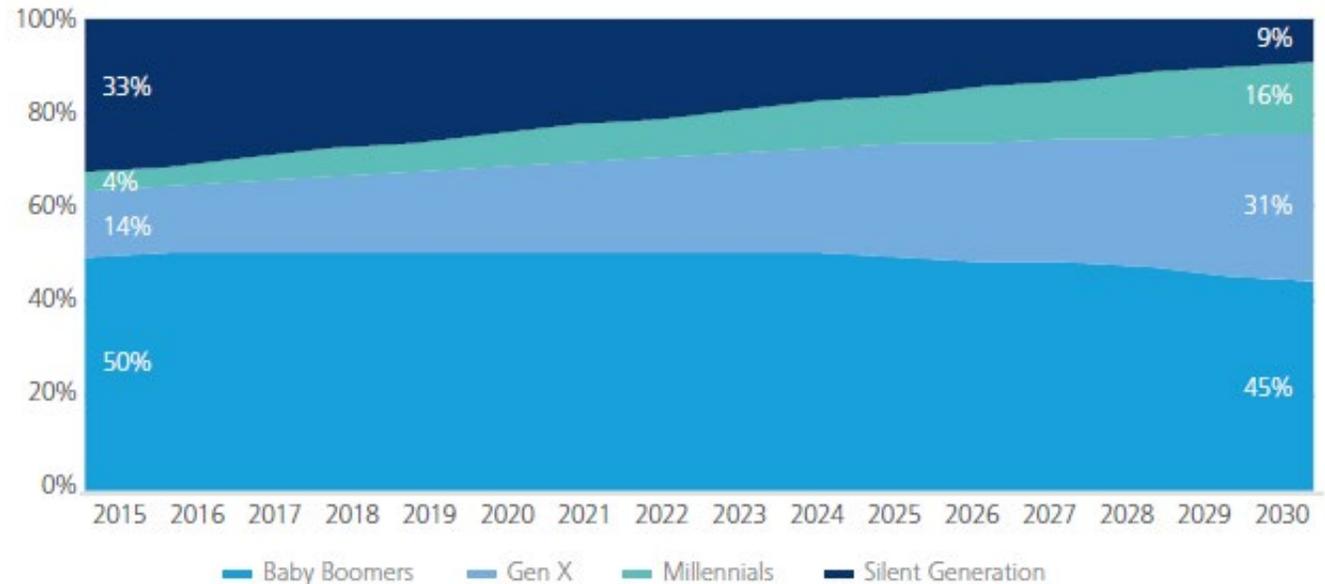


Red Flags of Cognitive Decline

- A decline in memory that affects the ability to do simple math problems, checkbook management or failure to fulfill financial obligations such as paying bills or paying the same bill multiple times.
- Confusion and loss of general knowledge regarding basic financial terms and concepts such as mortgages, wills, and annuities.
- Inability to appreciate the consequences of decisions.
- Disorientation with surroundings or social settings.
- Uncharacteristically unkempt appearance.
- Extreme anxiety about the nature and extent of personal wealth.
- Making decisions that are inconsistent with his or her current long-term goals or commitments.

Baby boomers' wealth is 12 times greater compared to millennials.

Generational Share of Net Household Wealth (%)



Source: Deloitte Center for Financial Services.

Graphic: Deloitte University Press | DUPress.com

However, somewhat ironically, poorer elderly can be at even greater risk for financial abuse.

Ever-Evolving Technology



Cashless transactions



Smart phones & the internet



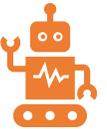
Financial jargon



Sophisticated investments & products



Simplicity



Automation

The background is a solid red color with several white, curved, overlapping lines that create a sense of motion and depth, resembling a stylized spiral or a series of concentric, slightly offset curves.

The Present



What is Financial Abuse?

- The unauthorized use of a person's funds or property by another person.
- Exploitation occurs when someone acts in an illegal and unauthorized manner to use the resources of a senior citizen for monetary gain, or that deprives a senior citizen of rightful access to their own assets.

What is Elder Financial Abuse in NC?

N.C.G.S. § 14-112.2.

(b) It is unlawful for a person: (i) who stands in a position of trust and confidence with an older adult (*65 years of age or older*) or disabled adult, or (ii) who has a business relationship with an older adult or disabled adult to knowingly, by deception or intimidation, obtain or use, or endeavor to obtain or use, an older adult's or disabled adult's funds, assets, or property with the intent to temporarily or permanently deprive the older adult or disabled adult of the use, benefit, or possession of the funds, assets, or property, or to benefit someone other than the older adult or disabled adult.

(c) It is unlawful for a person to knowingly, by deception or intimidation, obtain or use, endeavor to obtain or use, or conspire with another to obtain or use an older adult's or disabled adult's funds, assets, or property with the intent to temporarily or permanently deprive the older adult or disabled adult of the use, benefit, or possession of the funds, assets, or property, or benefit someone other than the older adult or disabled adult. This subsection shall not apply to a person acting within the scope of that person's lawful authority as the agent for the older adult or disabled adult.

Consent

“By deception or
intimidation”

Mental capacity

Knowledge of true
nature of act

Acted freely and
voluntarily





Undue Influence

“By deception or intimidation”

Similar to brainwashing, an abuser uses manipulation to convince another person to make decisions contrary to his/her own best interest

Excessive persuasion

Intimidation/coercion

Often behind closed doors

Pattern of behaviors over time



Hybrid Elder Abuse

More than one
type of abuse /
exploitation is
occurring

What does it look like?

- Withdrawing money from bank/investment accounts (large sums or frequently)
- Don't have access to an investment statements or funds in a new investment
- Forging signatures
- Transferring property via deeds
- Beneficiary designation changes to unusual individuals
- Donations to fake charities
- Changing wills or trusts against their best interest
- Misuse of a Power of Attorney
- Billing for unnecessary/uncompleted work
- Selling inappropriate or predatory financial products:
insurance/investments/mortgages
- Frauds and scams (telephone, email, internet, door-to-door)

What are some signs?

- Unpaid bills/unopened mail
- Unexplained changes in spending habits, will/trust, or disappearance of assets
- Lack of communication
- Poor financial decision making
- Deteriorating physical appearance/health
- Moving away from existing relationships and toward new associations with other “friends” or strangers
- A display of unexplained or unusual excitement over a financial windfall or prize check and is reluctant to discuss details
- An unusual degree of depression, fear, anxiety, submissiveness, or deference towards person accompanying him or her
- You are unable to speak directly to the victim despite repeated attempts to contact him or her
 - Perpetrator “speaks” for the victim

Who are the perpetrators?

- Family, friends, neighbors, “acquaintances,” companions
 - Family members are the most likely (54%)
- Professionals: lawyers, doctors, financial advisors, clergy, caregivers, guardians
- Strangers: telemarketers, contractors, tv/radio “announcers”

Exploitation usually involves someone the victim knows, such as a family member or caregiver.

Fraud is usually perpetrated by a stranger, such as an investment promoter.

Perpetrator Characteristics* (a generalization)

- **Age:** average age is 45
- **Gender:** one study found that 62% were men
- **Employment:** between 30% and 60% were unemployed
- **Marital status:** approximately 70% were unmarried
- **Financial problems/dependence:** around 30% had financial problems or were financially dependent
- **Living arrangements:** between 53% and 64% of victims and perpetrators cohabitated

*Anyone can be a perpetrator!

Who are the victims?

- The Financial Prisoner
- The Slipping Elder
- The Confused Elder
- The Bereaved Widow(er)
- The “Unknowing Elder”



***Anyone can be a victim!**

Victim Risk Factors

- Chronic medical conditions/poor physical health
- Cognitive impairments (decline)
- Limited social support
- Financial dependence
- Stress and poor coping mechanisms





A Crime of Opportunity

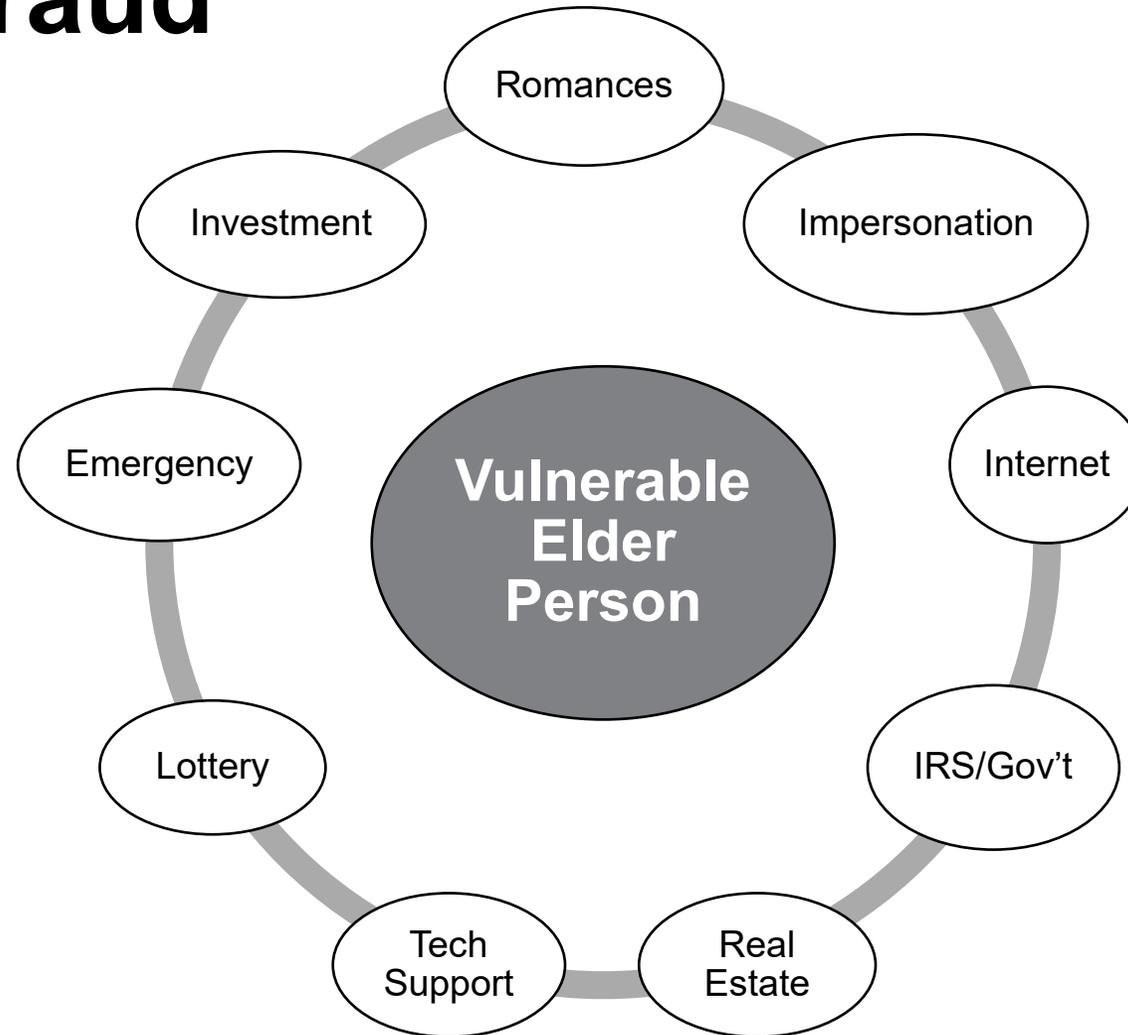
- Money / assets / property (greed)
- If retired, often at home and accessible
- Socially isolated
- Memory / cognitive issues
- Trust (reluctance to acknowledge/report)

Increases in Threats

- Tax Season
- Holidays
- Current
Events &
Natural
Disasters



Common Fraud Schemes:



Examples:

Myra is home watching TV when the telephone rings. She answers the call and the man on the line says “Congratulations! You’ve won \$2.7 million dollars in the lottery!” Myra is surprised. Although she buys lottery tickets, she hasn’t given her name to anyone.

The caller tells her that there are a couple of things she needs to do to complete the process so she can receive her check. He directs Myra to go to her bank and withdraw \$2,700 to cover processing fees. He tells her to forward the funds through a local wire service or to buy and send a special prepaid card that she can get to expedite the process.

Myra heads to her bank to withdraw the money. The next day the person calls to say they received the funds and an additional \$5,000 is needed to pay the taxes.

Examples:

Bill has a number of rental properties that he receives rental income from every month. Bill is in the process of selling one of his rental properties. Bill gives his grandson, who is a mortgage broker, Power of Attorney so that Bill does not have to attend the closing of the rental property at the attorney's office while he is out of the country on vacation.

Bill's grandson later tells Bill that after speaking with the attorney that day, he transferred the other rentals into his name in order to help Bill avoid taxes.

Examples:

To pay for his recommended (and much needed) home improvements, a general contractor convinces an older woman to appoint him as her Power of Attorney so he can help her get a reverse mortgage on the home she had purchased in the 1950's and owns outright. He tells her it's the easiest way for them to do it because she doesn't have to use her own money.

When the lender provided a lump-sum payout, she never saw any of the money because the contractor took it, poorly completed the improvements, and never came back.

Examples:

Fred convinced Mildred (his 85-year-old mother) to create a complicated trust and name him as co-trustee. He positions the trust as a way to help her save on taxes and protect her money.

Fred used over \$1.5 million from the trust to pay his expenses, credit card bills, and to purchase insurance policies for himself. None of these transactions were authorized by Mildred. When asked by other family members, Fred says his mom is just giving him his inheritance early.

The background is a solid red color with several white, curved, overlapping lines that create a sense of motion and depth, resembling a stylized spiral or a series of concentric, slightly offset curves.

The Future

4 Steps to Curb Social Isolation

from the National Council on Aging

1. Make communication a priority
2. Engage in social activities through local groups and organizations
3. Explore hobbies and areas of interest within the community
4. Contact outside support organizations (Mental Health America / The Friendship Line)

5 Ways to Prevent Elder Financial Abuse

from AARP

1. Responsibly appoint a Financial/Durable Power of Attorney
2. Appoint a Trusted Contact for bank/investments accounts
3. Use reputable financial tracking services (stay up to date)
4. Stay in touch (avoid social isolation)
5. Get to know caregivers



Other Ways to Prevent Elder Financial Abuse

1

Trust your instincts

2

Safeguard personal information

3

Safeguard financial information

4

Hang up the phone; don't respond to email

5

Ask questions; ask for help; say no

What does Parsec do?

- We know our clients/families intimately, and we communicate frequently
- Maintain Trusted Contacts if possible
- Review beneficiaries, estate plans, and plans for cognitive decline
- If we suspect financial abuse, we report to our compliance team
- We may delay requested disbursements of money up to 15 days
- As a fiduciary, we are required to report reasonably suspected financial abuse of clients over age 65 to Adult Protective Services

What can you do?

Understand the
problem

Identify
vulnerable
persons (risk
factors)

Spot red flags
(potential
perpetrators)

Have honest
conversations

Assume it could
happen to you

REPORT

Under Reporting?

- Shame and embarrassment
- Loyalty/Love
- Fear of retaliation
- Dependence
- Denial
- Self-blame
- Lack of awareness

For every 1 case that is reported, it is estimated that 24-44 cases go unreported.*

Reporting Financial Elder Abuse

- It's really hard to report and it takes a village
- Local law enforcement (criminal)
- Adult Protective Services (NC DAAS)



Recoveries

- Depends on:
 - Type of abuse/fraud/exploitation
 - Who the perpetrator is
 - How quickly the abuse is identified and stopped
- Some possible civil remedies



Summary

01

“Crime of the
21st Century”

02

Unauthorized
use of an older
individual’s
money

03

Be aware it
happens and
be on the
lookout

04

Take action if
appropriate

Helpful Resources:

North Carolina Department of Justice
ncdoj.gov/public-protection/protecting-seniors

North Carolina Adult Protective Services
ncdhhs.gov/assistance/adult-services/adult-protective-services

The National Center on Elder Abuse
ncea.acl.gov

The U.S. Administration on Aging
eldercare.acl.gov/Public/Index.aspx

The National Association of Adult Protective Services
napsa-now.org

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