

## *Financially Speaking*

With Trisha Arndt

### **Senior Safe Act will help protect seniors from fraud**

I just returned from my once a year national conference in Austin, Texas (where it was not warm, unfortunately). The conference brings together close to 2000 financial advisors from around the country to learn about things affecting our clients and the investment markets. There are literally dozens of educational sessions for us to choose from so that we can tailor our schedule to the areas that will be most pertinent to the people we work with.

One of the sessions that I attended dealt with security issues for senior investors. I have attended events with similar themes in the past so I was expecting to get an update on what the new scams facing seniors are and what to be on the watch for. That was part of the presentation but this particular speaker spent a lot of time talking about a topic that is less often discussed. Cognitive decline.

Cognitive decline is a reality of the aging process and it can have a serious effect on senior safety. While my mind immediately jumped to fears of someone becoming disoriented and getting lost away from home, the risks can be much more subtle than that.

According to the Center for Retirement Research at Boston College, more than half of the US population over the age of 85 suffers from some level of cognitive impairment. A growing body of research shows that cognitive decline can start to affect people's ability to make good decisions about things like debt and investments as early as their mid-50s.

As traditional pension plans become less and less common people have become more reliant on savings and investments to provide for their retirement income needs. At the same time there has been a growing trend of debt use by seniors in the form of reverse mortgages and other types of loans. Just when people are faced with making really important, sometimes complex, financial decisions their ability to do so may be negatively impacted by cognitive decline.

These same trends make seniors more vulnerable to being taken advantage of through scams as well. Some of the saddest stories involve people preying on loneliness by posing as a potential love interest simply to scam money from an individual, leaving them both heartbroken and destitute when they disappear.

Regulators and lawmakers have recognized the growing threat and in May of this year the Senior Safe Act became federal law. The law does a number of things to try and help protect seniors. For example, it allows banks to monitor and report activity that they suspect may relate to fraud against a senior without fear of lawsuits.

The new law makes it easier for those in the investment industry to help protect seniors as well.

Something that I personally really like is the implementation of the "trusted contact" on investment accounts. It allows me to ask clients when they set up an account or come in for a review to provide me with a trusted person that can be listed on their accounts as a backup

contact. This gives me someone to reach out to if I ever become concerned that one of my clients is exhibiting signs of cognitive decline or if I suspect that someone may be trying to take advantage of them.

Additionally, the new law allows firms to place temporary holds on money disbursements if financial exploitation is suspected. This could give firms time to either reach out to a trusted contact, if one is on file, or state protective services departments to try and intercede if fraud is occurring.

While the Senior Safe Act makes it easier for financial institutions to help, we should all do what we can to safeguard ourselves and our loved ones. To help make management and monitoring of financial assets more manageable it can make sense to both consolidate accounts and simplify how they are structured. Similarly, utilize technology to automate as much as possible, especially the critical things like paying health insurance premiums. And, as much as it can be difficult, either share information about your finances with someone you trust or at least have the information clearly summarized and in a place that can be found easily if needed.

Growing older brings with it new challenges but also hopefully new opportunities. To help keep those years golden have a plan in place for financial management and safeguard yourself from potential financial abuse. The Senior Safe Act makes it easier for financial institutions to help but ultimately you are your own first line of defense.

*Trisha Arndt, CFP®*, is President of Wealth Strategies of Wisconsin Ltd, 901 Kimball Lane, Suite 1400, Verona, WI 53593, 608-848-2400. Securities and Advisory Services offered through Commonwealth Financial Network, member FINRA/SIPC, a Registered Investment Adviser.