



Ten ways to stop financial elder fraud

How one son got his dad back on track financially after falling prey to a scam

One in five seniors (age 65 and older) have been victimized by financial fraud, and seniors lose at least \$2.9 billion annually to financial exploitation.*

*SIFMA Senior Investor Protection Resource Center

Last year, Mike Conner, age 57, a chief marketing officer for a health care technology firm in Chicago, offered to help his 86-year-old father with taxes.¹

While visiting his father in Dallas, Conner had noticed that his father, a retired aerospace engineer, had letters on his desk from the Internal Revenue Service related to an unfiled 2014 tax return. His father had an explanation. He was a widower who had remarried a year earlier, and the couple was splitting their time between his home in Dallas and her home outside Phoenix. "He was thrown by how to handle their new marital status and different state residencies, so he had simply done nothing," says Conner.

Conner figured he would ask his own accountant to lend a hand, and that it would be a fairly straightforward task. It hasn't been. As Conner and his father sorted through online documents (bank accounts, brokerage accounts, and credit card statements) to get the information needed to file Conner's father's past taxes, Conner made a startling discovery. "Over the course of the previous 18 months, my father got suckered into signing up for 94 financial and investment newsletters from advisory services, totaling \$56,000 in 'subscription fees,' which he paid for with his credit cards," says Conner. "His retirement portfolio is worth around \$500,000."

By all accounts, it's a case of elder financial abuse. Although not outright theft, 51 of the newsletters that could be traced came from one financial firm and its seven sister companies. "I don't think they broke laws," says Conner.



If you met my dad today, you would say, boy, I hope I'm as sharp and on top of things as he is at that age, but, in fact, he has lost executive processing skills."

Conner's father's financial chaos is one increasingly shared by adult children across the country. Helping older family members manage their money can be awkward, but it's often inevitable.

"Financial elder fraud is a sophisticated online endeavor and it can happen to anyone. Normalizing awareness is key to helping you avoid it or navigating a crisis event as a family," says Dr. Timothy Habbershon, managing director, and head of family thought leadership and practice, at Fidelity Investments. "There is often defensiveness or anger when the subject is raised because of the fear and shame that can be associated with diminished capacity. Children need to have empathy and not get caught in the emotional reactivity of the situation."

Conner didn't want to embarrass his dad but asked him point-blank, "Are you acting on any of this advice? Dad, you are not going to begin trading options at age 85."

In retrospect, Conner grasped what happened. Part of it was his father's romantic desire to show off to his new wife with vacations and dinners out. He was worried that he needed more income to do so and believed investing would bump up his bank account. It was also his dad's personality. "He is one of these very meticulous people who measures a dozen times before he cuts once," says Conner. "When I was growing up, he always bought a lot of tools for house projects, but he had way more tools than accomplished projects. I think that's why he became susceptible to all the financial tools from salespeople who came down the pike."

While each of us will face a different scenario—and it might not be a parent but rather an aunt or uncle whose financial safety is at stake—there are 10 steps to consider taking before a crisis develops:

① Begin the family conversation

"It doesn't have to be all about aging issues," says Elizabeth Loewy, the former founding chief of the Elder Abuse Unit in the New York County District Attorney's Office, and general counsel and senior vice president for industry relations at EverSafe, an online account monitoring service. "It is really about just talking. Start with your own situation. You might say, 'I want an extra set of eyes on my financial accounts. Would you mind getting alerts if something happens? I can do the same for you.' You make it a two-way street."

One way to navigate these conversations is to use the Transparency Disclosure continuum, suggests Habbershon. We often make financial conversations an all-or-nothing topic—"I need to know everything" or "You want to know everything." Instead, on a continuum you ask, "How much transparency feels good to you?" and "What would you rather keep for future disclosures?" This type of conversation allows for comfort and growth—you can expand the transparency through time.

② Create a family financial management plan

First, remember that money is an intimate space. "Trying to act as if a financial plan is just a rational thing to do will get the opposite emotional response," says Habbershon. Second,

acknowledge the realities out loud: This is new; this feels hard; we are at a different life stage; let's partner for the future. And third, start slowly and don't overwhelm.

For example, in case of emergency, who are your parents' financial professionals and trusted advisors? Who are the lawyer, accountant, financial planner, and broker? Do you have contact information for a neighbor or someone who sees your parents regularly if you have concerns? Can you share access to online accounts, so you can more openly discuss money management?

③ Know what key documents have been completed

Getting organized begins with knowing what has and hasn't been done. According to Habbershon, since diminishing capacity is an aging reality that starts somewhere in mid-adulthood, we can plan for late-in-life decline. For instance, a financial (durable) power of attorney (POA) should be granted to someone who is comfortable dealing with investing and other money matters. Conner's father, for instance, gave POAs to both Conner and his sister.

And ask questions. But, Habbershon reminds us, ask permission or ask to be invited in: "Would it be all right if...?" or "How would you feel about...?" Then: "Do you have a will? When did you create it? Is it still current?" Do an inventory on insurance policies. Ask whether your parents have designated beneficiaries on bank accounts, investment accounts, and insurance policies. Do they have a health care proxy? Living will? Where are all these documents stored?

Tip: Here's a list of the important documents needed: a will, a living will, separate durable POAs for health care and financial decision-making, deeds, insurance policies, investment accounts, bank accounts, income statements, retirement accounts, all outstanding loan documents, and current bills.

④ Be alert to changes in financial accounts

There is no flashing red light when someone starts to lose financial capability. "The heart of the matter is we should build the late-in-life relationships that allow us to be engaged around life and financial activities," counsels Habbershon.

People are always surprised when it happens to someone in their family, says Loewy. Yet, according to the SIFMA Senior Investor Protection Resource Center, one in five seniors (age 65 and older) have been victimized by financial fraud, and seniors lose at least \$2.9 billion annually to financial exploitation. Interestingly, the Center reports that family members, friends, and caregivers commit more than half of the crimes. Financial fraud happens over time so you can prepare to address it. A key is to build a process where all family members engage in some fashion so there is greater transparency and less opportunity for abuse.

For two years, Conner was aware that his father subscribed to a few investor newsletters, before Conner discovered the magnitude of the charges. It had started after his parents'

Elder-fraud tips from the Conner family:

- Hold family financial meetings on a regular basis.
- Have someone in the family create a “personal balance sheet” to keep track of income and expenses.
- Establish power of attorney on key accounts.
- Watch for signs of aging, dementia, and a loss of executive processing skills.
- Set up a system to pay all bills electronically and automatically.
- Cancel unused or extra credit cards.
- Don’t be afraid to say no or hang up on unsolicited phone offers.
- Opt out of solicitations.
- Monitor credit reports.

financial advisor of more than two decades retired. “Dad didn’t have much rapport with the younger associate now handling his account. Then a friend came along bragging about this great thing he was doing in his portfolio, and dad decided he could do better,” recalls Conner. “He began talking with me about how he was thinking of buying individual stocks, so there were the beginnings of lines of communication between my dad and me. I should have asked more probing questions, but I was very busy with life and work. I was also running up against how far you push with a parent. I didn’t say ‘show me what you are doing’ or ‘knock it off.’”

Then, too, Conner and his two siblings always thought it was their father who was responsible for financial management in their family. After all, he paid the bills. But, in retrospect, they realize that it was their mother, who died five years ago, who played a very big governor role and had been his sounding board. “She would be the one to say ‘no we don’t need to do that,’” says Conner.

Tip: Watch for warning signs: not knowing what bills have been paid, obvious spending habit fluctuation, bounced checks, and late payment charges on credit cards.

⑤ Simplify finances

Two months after Conner discovered his father’s charges, his stepmother moved to Conner’s father’s home. The siblings used the move as a new beginning for their dad.

They cleaned house financially. He had six credit cards, and Conner’s sister whittled those down to one debit card connected to his credit union and two credit cards. She also reviewed expenses, put her father on a budget, and set up automatic bill-paying and direct deposit into a checking account for any income. Conner’s stepmother’s daughter had already taken over financial management of her mother’s affairs, paying the bills and giving her mother an allowance.

⑥ Keep up to date on local scams

Educate your parents about the scam du jour. A good tactical way to start a conversation is to just ask, “Have you heard about the latest scam?”

Remind them regularly to never reply to any request by email, regular mail, or phone for personal information such as a Social Security or credit card number, or to pitches to purchase a product or investment that they didn’t request.

It's not always an outright scam, as in the case of Conner's father's newsletters. But it's over and above what someone in their mid-80s needs or would consume—things like a multiyear ticket subscription to a symphony orchestra concert series or three pairs of \$350 silk pants are just not needed or prudent. Habbershon suggests making identifying scams a "family sport"—having everyone watching for scams, sending email chains, discussing scams, and creating a family connection around it.

Tip: One way to slow things down is to eliminate as many calls and as much junk mail as possible. Consider signing your parents up for the National Do Not Call Registry.

⑦ Maintain a social connection

Isolation is a trigger for financial problems. And, Habbershon acknowledges, connection can be hard because of geography, life-pace, or family dynamics. Often our own guilt about not being connected leads us to do nothing. "We need to be more compassionate to ourselves—this is just life— so just doing what you can is a good thing." Even something as simple as starting family email or text chains, or calling just to talk instead of to address an issue, can nurture relationships. Any engagement is better than no engagement, so if you get a "ping" about reaching out, just do whatever you can offer. And if you're not sure what to say or where to begin, simply asking caring questions and listening is a great place to start.

⑧ Assign money management jobs

Money management can be handled in a divide-and-conquer strategy. In Conner's family, for example, because his sister lives near their father, she has taken on the duties of monitoring credit card accounts, bill-paying, and checking credit reports regularly. His stepmother's daughter checks the couples' bank accounts and debit card use daily.

Conner has a handle on his father's investment accounts. Because his father still likes the idea of buying and selling stocks, Conner uses an online meeting website so they can each meet online virtually and do small trades together.

In addition, Conner is doggedly working to get some of his father's money for the newsletter subscriptions refunded. So far, he has recouped \$26,000.

⑨ Monitor accounts

There are a few handy technological tools for fighting fraud. One layer of protection to consider is FidSafe^{®,*} a free, secure online safe deposit box, to save digital backups of electronically scanned essential documents such as bank and investment account statements, birth certificates, insurance policies, passwords, tax records, wills, and more.

EverSafe sends suspicious activity alerts, including warnings for unusual withdrawals, missing deposits, odd charges, changes in spending patterns, and much more.

You might pick three or four people to get alerts. "With both of these services, the people who are allowed access to the financial documents can be friends, a family lawyer, or biological family members. If privacy is a stumbling block, the service can be set up in a way where you don't have to reveal amounts you hold in accounts. Monthly fees range from \$7.49

for up to five financial accounts to \$22.99 for unlimited accounts and monthly credit reports. (Advisors on the Fidelity platform receive a discount.) Conner set up a FidSafe box for his father. "Dad's bank, credit card, and investment account numbers, and the passwords, and his renter's and automobile insurance policy and long-term care policy are stored there," he says. In addition to his father and his stepmother, Conner, his sister, and his stepmother's daughter have access to the virtual vault.

⑩ Schedule family financial meetings

When it comes to preventing elder financial abuse, regular family conversations are crucial. "Build up to regularly scheduled meetings. That is ultimately the best way to stay engaged and on top of the situation. Keep a tight running agenda for these meetings, however. And, most importantly, don't allow them to be a time to hash out family dynamics. Make those conversations separate," advises Habbershon.

Immediately after the discovery of the newsletter subscriptions, Conner, his sister, his stepmother's daughter, and his father talked weekly, but then the phone calls slacked off. More recently, though, Conner's sister discovered on a review of her father's credit report that he had opened a new credit card without telling them. The siblings quickly started biweekly conference calls. "We're encouraging our stepmother to be part of the conversation, too," says Conner. "Because she is living with him now, she is truly our eyes and ears on the ground."

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For more information, contact your Fidelity representative.



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¹ Names and locales in this article have been changed to protect the identity of the elder fraud victim.

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