FinancialPlanning

Elder Financial Abuse: Keep Clients Alert

by Katie Kuehner-Hebert
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Reporting suspected elder abuse may seem far from a planner's basic job description, but a growing number of states are actually mandating planners to do it.

Eleven states have specific statutes that include financial planners within their mandatory reporting requirements for elder abuse, and another half-dozen states have statutes that mandate any person who has any level of suspicion of elder abuse to report, says Anthony A. Marrone II, president of the Marrone Law Firm in East Syracuse, N.Y.

"I advise planners in those states to communicate any suspicions to their local adult protective services, which then potentially absolves planners from liability," Marrone says. "While New York currently has no mandated reporting requirements, I still advise planners to report suspicions because elder abuse is still a crime in this state."

WHAT TO LOOK FOR

Relatives of elderly people are in a better position to spot problems, of course, and planners can offer advice that will help them do so. Adult children of elderly parents should be copied on their relative's bank, investment and insurance account statements and should watch for any major changes in cash flows, says Harriet J. Brackey, director of investments at GSK Wealth Advisors in Hollywood, Fla.

For parents who move to long-term-care facilities, children should first seek references and then visit frequently, says Kevin J. Meehan, regional president at Wealth Enhancement Group in Itasca, Ill.

Adult children should also regularly review their parent's credit report to be sure that no accounts have been opened in the parent's name, says *Claudia E. Mott, a planner at Epona Financial Solutions in Basking Ridge, N.J.* Freezing an individual's credit is easy to do and can prevent accounts from being opened without his or her knowledge. If a parent's mental capacity is diminished, children should try to get power of attorney and have the title to accounts and assets shifted into their names to help prevent financial abuse.

FAMILY ISSUES

Laura West, a planner at West Financial Advisors in Nevada, Iowa, looks for strange requests for withdrawals from client accounts, numerous cash withdrawals from ATMs — especially if the client has never used an ATM before or can't leave the house without assistance — abrupt changes in power of attorney, or signs of nervousness that suggest clients are not comfortable with what they are doing.

West also recommends that relatives look for such signs, but this can sometimes lead to tricky situations, considering that a high percentage of elder abuse is perpetrated by family members, she says. Signs of abuse can often be entangled in long-standing cloudy family issues, such as substance abuse, financial dependency on the elderly relative or even jealousy over what is perceived as preferential treatment toward a particular sibling.

"Some may think the other is irresponsible with money, has an alcohol problem, mooches too much off grandma, but if there is abuse, they need to stand up for their elders," West says. "However, if the relative is the elderly person's caretaker, sometimes the relationship becomes co-dependent in a way that's hard for other family members to understand. Sometimes things just look bad, but the caretaker is acting in good faith."

Katie Kuehner-Hebert is a writer in Running Springs, Calif. She's contributed to American Banker, Risk & Insurance and Human Resource Executive.