

Tennessee Society of CPAs

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Financial Fraud & Seniors: What You Need to Know

For seniors living on a fixed income, stretching their money is a critical goal. Unfortunately, seniors are also particularly vulnerable to people who are intent on separating them from their hard-earned dollars. In fact, 1 in 5 Americans who are 65 or older have been the victims of financial fraud, losing a total of \$2.9 billion every year, according to the Securities Industry and Financial Markets Association. What can you do to protect yourself or your older loved ones from this kind of crime? The Tennessee Society of CPAs provides insights on how fraud can happen and steps you can take to avoid it.

A Tempting Target

The list of scams aimed at older people includes Medicare and health insurance fraud, funeral and cemetery scams, telemarketing and Internet scams, investment fraud, home improvement and reverse mortgage scams, and even counterfeit prescriptions or anti-aging products. Seniors can be tempting victims for fraud for a variety of reasons. First, they've spent their lives setting aside retirement savings and that money is now an appealing target, plus they often own their own homes, the value of which can be tapped. In addition, the risks of engaging in these crimes may seem low since they often go unreported because the victims are ashamed or don't immediately realize they've been conned, according to the National Council on Aging.

Preventions Steps

Amazingly, the majority of those who are exploiting the elderly aren't unknown criminals but are actually family members, friends or other associates. With that in mind, the Financial Industry Regulatory Authority has called for a 15-day safe-harbor period during which a financial adviser can put a hold on disbursements from a senior client's account if they believe the client is being financially exploited. The holding period would give the adviser time to alert the trusted contact for the senior so that they could step in and help prevent any fraud that might be taking place. Another industry proposal would require advisers to get that trusted contact information for senior clients. Senior investors are those who are 65 or older or who show evidence of being vulnerable to potential exploitation. Of course, you can always turn to your trusted CPA for help if you or a loved one are facing a suspicious financial offer or appeal or if you believe you've been the target of fraud.

How Families Can Help

In addition to their CPA, seniors and their families can also turn to online resources from the [Federal Bureau of Investigation](#) and other government agencies for [tips](#) on preventing fraud. Being informed goes a long way toward protecting against scams. With that in mind, take the time to educate yourself

or to talk to senior loved ones about ways to identify fraud. Enlist neighbors or other friends to speak up if they believe a senior is or could be the victim of financial fraud. And be sure to talk to your family's CPA about ways to spot financial fraud in advance. Warning signs to watch for include a change in the senior's spending habits and unpaid bills if he or she has lost a significant sum to a scammer, as well as unexplained bank account withdrawals or transfers, or finding forged checks or financial documents.

Your CPA Can Help

No matter what kind of financial question or concern your or your loved ones are facing, your local CPA can provide valuable advice that can help you make the right decisions. Contact him or her for the insights you need to navigate financial challenges and to make the most of your financial opportunities.

About Money Management

Money Management is a column on personal finance that is a joint effort of the AICPA and the Tennessee Society of CPAs, as part of the profession's nationwide 360 Degrees of Financial Literacy program. Members of TSCPA are CPAs residing and practicing primarily in Tennessee in all areas of public accounting, education, government, business and industry. TSCPA offers a speakers bureau for many types of business and educational engagements. For details, visit www.tscpa.com. TSCPA is headquartered in Brentwood, Tenn.