

Swindling the Elderly: A Real and Growing Problem

Financial planners, medical professionals and other experts say cognitive decline makes seniors vulnerable to investment fraud

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Experts in a position to know say the problem of financial exploitation of senior citizens is real, and getting worse.

That is the finding of a just-released [survey](#) of 762 financial planners, securities regulators, adult protective services workers, medical professionals, law enforcement officials and others who deal daily with aging Americans whose cognitive abilities are in decline.

It is critical for advisors to be aware of their aging clients' cognitive difficulties. Failure to do so, especially if they are selling or advising on insurance, [could leave them legally vulnerable](#).

The non-profit Investor Protection Trust (IPT) conducted the survey in the first 10 days of June, and released it Wednesday, one day before the [White House](#) hosts a full day symposium on elder abuse.

The survey notably exhibited fairly high percentages of respondents affirming its conclusions. For example, 99 percent of respondents consider elderly Americans either “very vulnerable” (75%) or “somewhat vulnerable” (24%) to financial swindles, and the overwhelming weight of opinion (84%) similarly agreed the problem of targeting the elderly is getting worse.

More than 10% of the experts surveyed were financial planners (77), but other front-line professionals, including 76 state securities regulators, 172 adult protective service workers and 24 medical professionals participated.

Nearly two-thirds (58%) of these professionals deal with investment fraud victims “quite often” or “somewhat often.”

[Michael Finke](#), who heads the Personal Financial Planning program at Texas Tech University, along with John Howe and Sandra Huston, published a [study](#) showing both that Americans over age 60 experience cognitive decline and, crucially, that they fail to recognize this decline.

That is consistent with the high percentage of IPT survey respondents (96%) who say that potential problems with mental comprehension are “very often” or “quite often” the reason for the vulnerability of seniors to investment fraud.

Moreover, 80% of those surveyed experts agreed with the findings of an earlier study that about 35% of people over age 71 have mild cognitive impairment or Alzheimer’s disease.

An IPT survey conducted in 2010 found that one out of five Americans over age 65 have already been victimized by a financial swindle.

The Investor Protection Trust, an investor education organization funded by a multi-state settlement of charges of misconduct, has targeted medical professionals as part of its efforts to prevent financial exploitation.

In its statement announcing the survey, IPI quotes geriatric expert Dr. Robert Roush of the Baylor College of Medicine, saying: “That financial abuse of older Americans is rampant today is no commentary on seniors and their judgment; it is a simple medical fact of life that many older adults are highly vulnerable to being financially exploited.”

IPI and Pennsylvania Securities Commission chairman Robert Lam added: “As state agencies, we need to combine our efforts with the unique front-line perspective of doctors, APS [adult protective services] and other professionals to get help to victims, and those most at risk of becoming victims, at the earliest possible point. Together, we can do an even better job of protecting our seniors and their money.”