As the elderly population in the U.S. continues to grow, the number of crimes involving financial exploitation of this group is also increasing. This article describes common financial scams that target the elderly, and lists warning signs that seniors may be falling victim to a scheme to defraud them of their hard-earned savings or retirement income.

What is senior financial exploitation?

Senior financial exploitation occurs when an older adult is manipulated into transferring assets to another person, who then uses the assets for personal benefit. When such exploitation occurs, the older adult typically doesn’t realize that he or she is being victimized. Financial exploitation of the elderly can be particularly devastating when the extorted resources are essential to meeting critical expenses such as rent, groceries or medicine.
A rising elderly population means greater exploitation

Today, there are a greater number and proportion of Americans over age 65 than at any other time in U.S. history. This proportion will continue to grow for decades, as baby boomers – representing 13% of the U.S. population – continue to age and retire. It is projected that by 2050 those over 65 will comprise 20% of the U.S. population. What’s more, the proportion of Americans over age 85 is growing faster than that of any other age group – it’s projected that by 2050 there will be 19 million Americans over the age of 85. The cost to seniors who fall victim to financial exploitation is estimated to be at least $2.9 billion annually today, and will continue to grow as this segment of the population expands.

Who is the target? Who is doing the exploiting?

Most victims of senior financial exploitation are between 80 and 89 years old. The majority of seniors within this age range are women, and victims are twice as likely to be female. Most victims live alone and require some assistance with healthcare, home maintenance or other needs of life.

It is estimated that about half of senior financial exploitation crimes are perpetrated by strangers – but a full third of these crimes are perpetrated by family members, friends or neighbors.

How these schemes work

The style of exploit depends on how well the perpetrator knows the elderly victim. Typical abuses by family members or others an elder may trust might include setup of joint bank accounts, coerced ATM or personal check withdrawals and abuse of powers of attorney. In some cases, family members or trusted friends extort funds from a senior by withholding needed care, practicing neglect or threatening bodily harm.

Abuses by strangers tend to resemble one of these themes:

**You’ve won a prize!** – Scammers tell elders that they’ve won a monetary prize and mail them a check. The scammers ask the senior to send them money in return to cover the prize’s taxes or fees. The scammer collects this money, but the original “prize” check will bounce.

**Telemarketing** – Scammers call elders on the telephone, convincing them to send money. The scammer may solicit funds for a fake charity, or they may convince the elder that a relative is hospitalized and requires emergency funds. The successful scammer may then share the elder person’s telephone number and personal information with other scammers, which can lead to the same person being defrauded multiple times.

**Medicare billing** – Scammers convince elders to provide their personal information. They then proceed to use this information to defraud Medicare or other government programs.

**Funeral attendee** – Scammers attend funerals listed in the obituaries and convince the bereaved spouse that the deceased owed the scammers money. They then extort funds from the grieving spouse to settle the nonexistent debt.

**I’m your granddaughter** – Scammers call elders and convince them that they’re a grandchild. The scammer will tell a story about a problem that can be solved if the “grandparent” sends money (using a means of transmission that does not require identification to collect). The scammer may also ask the “grandparent” to keep the arrangement secret from family members to avoid family discord. The nature of this scam is so personal that many seniors will never reveal that they’ve been scammed in this way.

You may be surprised by who perpetrates these crimes.

One in three of these crimes is perpetrated by someone the victim knows – including family, friends or neighbors.
**Warning signs of financial exploitation**

If a senior seems confused about recent financial transactions, or is reluctant to discuss recent financial activity, this could be an indication that he or she is being manipulated. If he or she has recently made changes to property titles, wills, powers of attorney, etc., this could indicate that someone else is exercising undue influence. Unexplained credit card activity, uncharacteristically frequent or excessive withdrawals from accounts and newly authorized signers on accounts could also signal exploitation. Checks written to "cash," transferring assets to unfamiliar people, giving away money, unexplained disappearances of cash or valuables or any other out-of-character changes in financial behaviors may also indicate a problem.

If you suspect your elder family member has been victimized, refer to the Department of Justice’s Elder Justice web site. The site offers resources to victims of elder abuse and financial exploitation and their families, and outlines the agencies you can turn to for help in each state, commonwealth and territory.

**Why this is important to your own finances**

Recently, Merrill Lynch assessed the retirement landscape and the needs of baby boomers and other groups. What they learned is that people tend to cluster their goals for retirement around certain life priorities – health, home, finance, giving, work, leisure and family – including the financial needs of parents and children. The fact is that, when our parents age, we want to help them in any way we can. But doing so often requires significant time and money, which can put our own career progress and retirement savings at risk.

Senior financial exploitation can deepen this risk, since it may limit the loved one’s ability to pay essential bills and may even reduce longer-term savings. In extreme cases, the senior might need to rely more on you for financial support. As such, it is worthwhile to discuss with aging parents some of the financial scams being perpetrated on people in their age group. You might be preventing exploitation or you might give them a forum for admitting that they themselves may have been taken for a sum of money. Either way, this conversation can act as a foundation for deeper conversations – about the strength of their retirement income, paying for health care and developing a financial plan for the time when they can’t take care of themselves. Such conversations are valuable for their well-being and, ultimately, for your own financial security.

**Have the talk**

Exploitation of an elder family member can result in devastating financial losses and emotional consequences. When we recognize the signs of senior financial exploitation and understand its risk factors, we can reduce the chance that our loved ones will end up a target of this practice. Start a conversation with an older loved one about this topic soon. It might be one of the most important conversations you have.

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**Who is most at risk?**

Seniors have a higher risk of being financially exploited than other segments of the population, and certain situations can increase this risk:

- Those who depend on others to meet personal needs. This support can be withheld until assets are shared.
- Widows, widowers and those who are socially isolated.
- Those who have difficulty understanding finances, reside in long-term care facilities or exhibit cognitive impairment.
Endnotes