August 2015

AACM and You:
Always Evolving

As the world around us changes, so too do the needs of our clients. The healthcare system continues to grow larger, more complex and more disjointed. Fraudsters are finding new ways to exploit susceptible populations. And while many technologies make our lives easier, they also present new challenges and vulnerabilities that affect our clients.

AACM is always searching for new and better ways to anticipate the needs of our clients and to protect their interests wherever possible. Our Contingency Care service offers a set of proactive planning tools designed to preempt the hiccups that often occur when a medical emergency arises. We are also one of the few care management firms that offers a bill-paying service, allowing us to spot potential financial exploitation early on and to minimize future risk. We have also introduced the use of prepaid debit cards, managed and monitored by us, so our clients can maintain independence over miscellaneous purchases while being protected from significant financial loss.

In this edition, we take a look at "the crime of the 21st century"— elder financial abuse. After assessing the scope of the problem, we will discuss three (3) strategies families can use to reduce the risk of their aging loved ones falling victim to it. We will also discuss some potential stumbling blocks with these strategies that families should consider before acting.

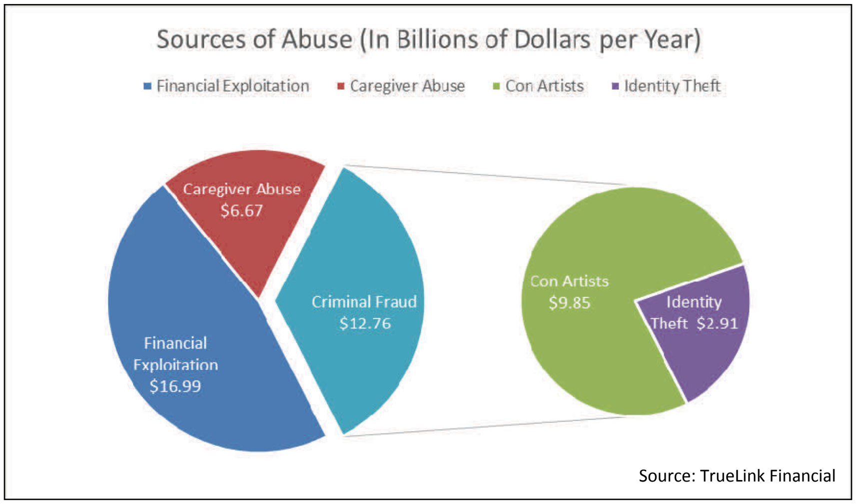
The Golden Years -- getting there is no small feat. With hard work, and a little bit of luck, you'll make it there in good health and with enough accumulated wealth to make the most of it. The phrase "Golden Years" was coined in 1959 as part of a marketing campaign to promote the first Sun City in Arizona.

Photo Courtesy: garryknight

The campaign was a huge success and helped usher in a markedly different concept of retirement. No doubt the rise of large-scale retirement communities is owed in large part to the increased longevity and physical health enjoyed by our population. But, living longer also means saving more for retirement and making that money last as long as possible.

The same qualities that made seniors an attractive target demographic for the developers of Sun City—accumulated wealth, a lifetime of good credit and an abundance of free time—also make them attractive targets for financial fraud and abuse. Additionally, seniors tend to be less technology literate and more vulnerable to giving out information online and over the phone. Studies have shown that, compared with younger adults, seniors don't pick up on cues of deception as well, are more likely to be persuaded by advertisements and experience subtle declines in decision making ability.

So how big is the problem? A 2011 study from the MetLife Mature Market Institute provides what is perhaps the most oft-quoted annual figure—"at least $2.9 billion dollars." However, a recent study by True Link Financial estimates that the total losses in the United States from elder financial abuse are more



than 12 times greater—a staggering $36.48 billion dollars per year. The latter study takes a broader view of what constitutes financial abuse, including exploitation that is technically legal despite being misleading or otherwise unscrupulous. The True Link study also found that 36.9% of seniors are affected by financial abuse in any 5-year period.

Across all studies on the subject, it is clear that seniors are disproportionately vulnerable to financial fraud and abuse. At Accountable Aging Care Management, we have seen too many times firsthand how easy it can be for seniors to fall victim to it. While it is not possible to prevent all forms of elder financial abuse, there are steps that seniors and their adult children can take to help minimize risk and exposure. However, there are potential tradeoffs to consider as well. In this newsletter, we will discuss some strategies for protecting seniors from financial fraud. At the same time, we will also attempt to highlight some of the aspects of these strategies that deserve extra attention in order to avoid unintended consequences.

Drop the Landline

Vulnerability to elder financial abuse is a product of both risk and exposure. To highlight the importance of the latter, consider that a person who receives just one telemarketing phone call per day is likely to experience three times as much financial loss as someone who receives no or only occasional telemarketing calls, according to the True Link Financial study. At first blush, the solution seems simple—ditch the home phone. However, there are a number of factors to consider. Many seniors have held the same home phone number for decades and, for a variety of reasons, are reluctant to give up their phone number. While it is almost always possible to port a landline number to a cell phone, this will not prevent a person from continuing to receive telemarketing calls on that number (although they may decrease in frequency over time). Therefore, a family would need to decide whether or not getting rid of the home phone number is manageable. If not, you should at the very least make sure the home phone number is registered with the National Do Not Call Registry.

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Another major issue to consider is the difference between a mobile phone and a landline in case of an emergency. A call placed to 911 from a landline will immediately pull up the address associated with the phone number, whereas a call placed to 911 from a cell phone might lead to a delay in emergency response if the individual is unable to communicate his or her location quickly. For this reason, we would recommend the use of an emergency pendant for any senior who is getting rid of a home phone. Typically, emergency pendants require the use of a landline to operate. However, there are an increasing number of options that operate on cellular networks now, such as GoSafe by Philips Lifeline and Splash by GreatCall.

Usability can be a concern for seniors who are not accustomed to using cell phones. There are a number of cell phones designed specifically to address this issue with large numbers and simple functionality. The Jitterbug5 by GreatCall also includes a 5Star urgent response button. Families need to weigh the pros and cons of dropping the home phone carefully. But if a senior is willing/able to live with the tradeoffs involved, the reduced exposure to financial fraud and abuse is significant.

Bank Accounts and Managing Finances

Research has shown that people with Alzheimer's and other dementias, even those in the early stages, struggle with simple financial tasks and are significantly more likely to fall victim to financial fraud and abuse. Taking over the maintenance of one or both parents' finances is a good way to monitor spending, spot potential fraud/abuse and prevent future losses. One way to do this is to hire a professional, such as a member of the American Association of Daily Money Managers or some other reputable firm that offers bill-paying services. Another way is to personally take an active role in the maintenance of a parent's accounts and finances. If you opt for the latter, you should seek out as much information as possible in order to avoid potentially catastrophic consequences. In particular, be aware of the differences between joint ownership and signature authority of bank accounts.

Joint Owner

Many well-intentioned adult children agree to become joint owner of, say, mom's checking account so that they can manage her finances for her. This is almost always a bad idea. Even if the adult child—let's call him Ted—only uses the funds for the intended purpose (although he could drain the account without inviting lawsuits, even if he won't be invited to the family reunion), he is putting both himself and his mother at risk unnecessarily. As a joint owner, Ted owns all the funds in the account, making himself, on paper, wealthier than he effectively is. This could have tax implications and might impact his children's financial aid status for college. Creditors and plaintiffs in lawsuits could also have future claims and judgments against Ted; since Ted owns the account, all of the funds would be at risk. Some of the funds could also be part of a divorce settlement. Joint accounts can also subvert estate planning instruments already in place. If it is a rights-of-survivorship account, then when Ted's mom dies, all of the funds belong to Ted, even if her will clearly states she wants her estate divided equally among her five children. Everyone should be aware of the risks involved with jointly owning an account that contains a large sum of money and/or an investment portfolio.

Authorized Signer

A generally-better idea is to become an authorized signer rather than a joint owner of an account. If Ted were to go this route, he could still write checks and make withdrawals in behalf of his mother without being subject to the shared liability, tax and estate implications of a joint account. The funds in the account do not belong to Ted, and upon death his signing privileges cease. This means that his authorized signer status is far less likely to interfere with other estate planning strategies that may already be in place. In addition, because Ted does not own the account, all transactions must be made in behalf of his mother. Even though banks generally don't monitor this closely, if he were to withdraw a large sum to pay his bookie, for example, Ted's mother would at least have a valid legal claim against him. Before deciding to become joint owner or authorized signer on a parent's account, be sure to discuss the implications with a financial advisor, estate planning attorney or other qualified professional.

Power of Attorney

Many seniors are reluctant to appoint a power of attorney (POA) and feel that adding a child to a bank account is a happy compromise. In reality, if you are going to do the latter, it is always better to have the POA in place, too. Financial power of attorney is a legal instrument designed to protect both the principal (Ted's mom) and the agent

(Ted), and specific powers can be enumerated and limited as desired. Even if mom gives the agent (Ted) the authority to conduct financial transactions via a POA, he should be aware that, in some cases, the bank may refuse to honor Ted's POA document, insisting instead that a new POA document be executed or that the principal sign a proprietary POA in the presence of bank associates. Unfortunately, the State of Texas does not obligate banks to honor POAs, even though going to the bank to sign a document may not be possible for seniors who are severely disabled or nearing end-of-life. Therefore, adult children who hold power of attorney for a parent should be sure to register with the bank while the parent is still physically able to complete the process. Establishing powers of attorney should be part of a broader estate planning strategy. Ted and his mother should work with a qualified estate planning professional or elder-law attorney to create these and other legal/financial instruments.

Prepaid Debit Cards

Families typically take over the maintenance of a parent or parents' routine finances to reduce their exposure to potential fraud and financial exploitation. A significant portion of the financial exploitation experienced by seniors is a direct result of receiving and processing mail. Seniors are vulnerable to deception by sham charities, misleading marketing tactics (e.g. "official" looking solicitations) and even outright fraud. Taking over bill paying gives a family member the opportunity to collect the mail, discard any junk and detect any active exploitation that may already be taking place. For maximum security, consider changing the mailing address to your address or a mail box you control. Still, a challenge for many seniors is giving up the maintenance of routine finances without feeling a loss of independence. Those concerns are not easily assuaged. Rather than telling an elderly loved one that you are going to start paying their bills on their behalf, start small by suggesting that you take that chore off their plate. If they are hesitant, don't push. Pick the conversation back up at a later time. Let them know that you are suggesting this out of love rather than mistrust.

If a senior agrees to let someone else handle the routine monthly finances, a prepaid debit card is a good way to help them maintain a sense of financial independence while also putting controls into place to prevent significant financial loss. Many institutions allow account holders to create a subaccount for a prepaid debit card. These cards are sometimes marketed as a "starter" debit card for teens. The account owner can load funds on the card, set up automatic transfers when the balance drops below a certain amount, monitor spending and perform other administrative tasks. These cards can be used online or in stores just like a regular debit card. The main difference is that the account owner controls the amount of money on the card, and the cardholder cannot spend beyond that amount. Some prepaid debit card programs include more sophisticated controls, such as controlling where the card does and does not work, managing cash withdrawal permissions and receiving instant notifications regarding suspicious charges. However, not all prepaid debit cards are the same. The prepaid debit cards you see in line at the grocery store, for example, have very few security features and are notorious targets for fraudsters. While these cards can be used in an emergency or as a temporary solution, they are very different than the prepaid debit cards offered through banks and other financial firms. Be sure to carefully review the features and terms of any program before enrolling. Being able to maintain a debit card for miscellaneous purchases is a great way for seniors to regain a sense of independence.

The Stakes are High.

Families typically recognize the moment when inaction is no longer an option. However, ill-informed action can have equal or greater consequences. Before acting on a tip from a friend, an online article or—yes—even this newsletter, take the time to fully understand both the benefits and risks of the strategy you are considering. Whenever possible, consult a third-party expert who can provide both an informed perspective and peace of mind.

Donate Life

AACM's **Lessa Ennis** has been an advocate for organ, eye and tissue donation ever since her stepfather experienced kidney failure 10 years ago. Currently, more than 123,000 men, women and children are awaiting organ transplant to save their lives. Herself a living donor, Lessa participates each year in Donor Dash—a 5K in Denver sponsored by the center that coordinated her transplant. For the past 6 years, Lessa has volunteered for Donate Life—an organization dedicated to educating the public about tissue donation. It's easy to sign up as a donor on their website. Anyone can be an organ donor regardless of age, medical history or race. As they say, "you can't take them with you."

Welcome Stephanie!

Since our last published newsletter, we've added a new care manager to the team in Bryan/College Station. **Stephanie Cashion, LMSW**, brings a variety of clinical experience to the team, including hospice, home health and hospital social work. She was also instrumental in the development of a multi-disciplinary geriatric assessment clinic at Presbyterian Hospital in Dallas. Stephanie combines her love of geriatrics, her social work experience and her many years of motherhood to help guide families who are involved in the care of aging or disabled loved ones. She and her husband Trey currently host a weekly live call-in radio show called Mystery of Parenthood that airs on Wednesdays from 1-2 PM on 88.5FM KEDC radio in the Bryan/College Station area.

Changing of the Guard

AACM bids Client Coordinator (and chief newsletter contributor) **John Lloyd** a fond farewell as he matriculates to the University of Texas School of Law this month. Into his shoes step the capable feet of **Juli Morrison**. Juli graduated from Sam Houston State University and holds a M.A. from the University of Denver. She has previously worked with the Colorado Office of the Attorney General, various organizations as a volunteer counselor and as Client Services Director at a local non-profit agency. Having been a primary caregiver to three family members of her own, she appreciates the service and attention our team provides to clients and looks forward to contributing to those efforts. Welcome, Juli!

Because referrals are the lifeblood of our business, the best way you can thank us, as a satisfied client, is by referring a friend, neighbor or colleague to us! We appreciate all your referrals.

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Accountable Aging Care Management is an eldercare consulting and care management firm.

Accountable Aging is a single source for older adults and their families to attain knowledge, resources and on-going assistance with the challenges related to aging or caring for an elder loved one. We serve older adults in Austin, Bryan/College Station, Dallas, San Antonio and the surrounding areas.

With this newsletter, our aim is to provide a trusted conduit for eldercare information and resources and to highlight the services we offer that meet the needs of older adults and their families.

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