



## Economic and Market Insights

September 3, 2015

By Doug Nelson, CPA  
Vice President, Tax Manager – West Region  
The Commerce Trust Company

### How to protect the elderly from fraudsters

*Financial fraud against the elderly is an increasing problem as scammers find new tricks to exploit the unwary. Retirement nest eggs can disappear as a result, and lost sums are virtually unrecoverable. Doug Nelson, CPA, Commerce Tax Manager for the West Region, takes a moment to discuss the latest deceptions, and gives you seven practical ideas to make sure you or your loved ones aren't tricked by these modern-day thieves.*

#### **Q. How common is financial fraud against the elderly?**

A. A recently released poll from the American Institute of CPAs (AICPA) found that 47% of CPA financial planners have seen an increase in elder fraud or abuse in the past five years. The most common types of elder financial abuse or fraud are from either phone or Internet scams (79%).

Telephone thieves are masters at their craft and may already have some of your personal information from a credit card or security breach elsewhere. They then spin that information into a plausible story to target your savings. The elderly are targeted more often due to their generations' accumulation of wealth (Source: AICPA PFP Trends Survey). Women are twice as likely as men to fall for elder financial abuse, especially when they're in their 80s and living alone.

#### **Q. What types of fraud against the elderly are you seeing?**

A. The most common scams against the elderly include phony lotteries and sweepstakes seeking upfront fees to enter or collect; government impostors posing as reps from Social Security and Medicare; offers for free or discount medications or medical equipment; and credit card fraud and investment schemes. The frauds may be attempted by a stranger, an advisor, an attorney, a friend or caregiver, or even, sadly, a favorite child or grandchild.

#### **Q. Can you give an example of what to be wary of?**

A. Be alert to an unannounced caller who may tell you that you are due a refund from the IRS and "could you please give us your account number at the bank to deposit your funds directly?" Or, "We didn't get your last utility bill payment, could you please send a check to maintain your good



credit rating to our P.O. Box?" The setups are expertly done and you have to say "no" until you establish the authenticity of the caller.

**Q. What impact does this crime have on a relative or family?**

A. It's often devastating. Financially, you can lose your savings, your identity and your credit rating. Emotionally, people feel shame, embarrassment, fear and lose trust in others. The stress inflicted can even lead to health problems.

**Q. What can relatives and caregivers do to prevent this crime?**

A. Be proactive. Fortunately, the good guys have some weapons they can use in defense; most involve "coaching up" any susceptible relatives living alone. Here are my favorite seven that you can start using tomorrow:

1. Generous relatives often feel bad about turning down a charity or family member request, but tell them to blame it on the attorney or financial advisor for needing all the information for tax purposes. If it is a charity, tell it to send the request in writing.
2. Adhere to the old adages: If it sounds too good to be true, it probably is; and don't trust strangers, especially those seeking personal information and money. Instead, ask the caller to repeat the offer, then ask for the caller's name and a phone number where he or she can be reached.
3. With regard to "give me" calls or letters, reputable charities do not call unexpectedly at home and ask for a check on demand. Politely say no and hang up the phone. Set aside charitable mailings for later consideration with family members you trust.
4. Unlist your parents' phone number so scammers can't get it. Consider replacing the landline with a cell phone, where scam calls are less frequent.
5. Ensure that all checks require two signatures.
6. Set up a revocable trust and have a co-trustee to use as an added excuse for approval of all financial payments for transactions above a certain dollar value.
7. The IRS will send written correspondence first and rarely call at home to ask for personal information. So whoever is requesting information over the phone in its name is probably not working for the IRS. The IRS would only call to respond to an inquiry you or your relative initiated.

**Q. Despite the best laid plans, what should someone who has been scammed do?**

A. If your loved ones recognize or suspect they've been scammed, tell them to let you know so you can report, report, report! Report the incident to the local police and the IRS (use Identity Theft Affidavit, Form 14039, or call the IRS Identity Protection Specialized Unit at 1-800-908-4490.) Ask your financial advisor to notify government regulators at the Financial Industry Regulatory Authority (FINRA), U.S. Securities and Exchange Commission (SEC), North American Securities Administrators Association (NASAA), and/or U.S. Commodity Futures Trading Commission



(CFTC). Contact your attorney and the bank where you do business. Create a fraud file to track information about the offender and other information related to the incident.

**Q. Anything else?**

A. Be aware of a sudden change in beneficiaries on IRAs, retirement accounts, insurance, etc. Watch out for large purchases, like a new car, jewelry or even home repairs that seem unnecessary or unneeded. Keep an eye on ATM withdrawals and check writing for changes in frequency, amounts and locations.

Past performance is no guarantee of future results, and the opinions and other information in the commentary are as of Sept. 3, 2015. This summary is intended to provide general information only and is reflective of the opinions of the Tax Group.

This material is not a recommendation of any particular security, is not based on any particular financial situation or needs, and is not intended to replace the advice of a qualified attorney, tax advisor or investment professional. Diversification does not guarantee a profit or protect against all risk.

Commerce does not provide tax advice or legal advice to customers. Consult a tax specialist regarding tax implications related to any product and specific financial situations.

Data contained herein from third-party providers is obtained from what are considered reliable sources. However, its accuracy, completeness or reliability cannot be guaranteed.

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE



**The Commerce Trust Company**  
A division of Commerce Bank